CENTRE FOR DECISION RESEARCH & EXPERIMENTAL ECONOMICS

The University of Nottingham

Discussion Paper No. 2011-03

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March 2011

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CeDEx Discussion Paper Series
ISSN 1749 - 3293

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# Voting Power in the EU Council of Ministers and Fair Decision Making in Distributive Politics*

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**Abstract**

We analyze and evaluate the different decision rules describing the Council of Ministers of the EU starting from 1958 up to date. All the existing studies use the Banzhaf index (for binary voting) or the Shapley-Shubik index (for distributive politics). We argue that the nucleolus can be considered an appropriate power measure in distributive situations and an alternative to the Shapley-Shubik index. We then calculate the nucleolus and compare the results of our calculations with the conventional measures. In the second part, we analyze the power of the European citizens as measured by the nucleolus under the egalitarian criterion proposed by Felsenthal and Machover (1998), and characterize the first best situation. Based on these results we propose a methodology for the design of the optimal (fair) decision rules. We perform the optimization exercise for the earlier stages of the EU within a restricted domain of voting rules, and conclude that Germany should receive more than the other three large countries under the optimal voting rule.

*We would like to thank Moshé Machover, Josep Freixas and participants in the 10th international meeting of the society for Social Choice and Welfare for helpful comments.

# 1 Introduction

Democratic decision-making, in local, national or supra-national bodies, is based on voting. Political scientists and economists alike have long noted that it is far from obvious how to evaluate the voting power of different individuals or groups, e.g. parliamentary coalitions, in decision-making bodies. They noticed that the voting power need not be proportional to the number of votes an individual or a group is entitled to. For example, Luxembourg was powerless in the Council of Ministers of the EU between 1958 and 1973. It held one vote, whereas a qualified majority of votes was defined to be 12 out of 17. Since other member states held an even number of votes, Luxembourg formally was never able to make any difference in the voting process. The recent enlargement of the European Union caused a lively debate on the adequate tools for measuring decision power in real-life institutions and had strong implications for the balance of the power among member states.

During the last decade scholars have continued to contribute to the theoretical and empirical research on power indices[1]. One of the important applied questions addressed in this literature is whether the national representation in the European Union is fair or not. It has often been claimed that the current allocation of votes among EU states is not fair. In particular, it is often asserted that, in the European decision-making process, the large countries are under-represented while the reverse holds for the small ones. In this paper we address this question by performing the evaluation of the power distribution among the member states in the EU Council of Ministers starting from 1958 up to date using the nucleolus. We conclude that in most of the cases, the above critique is justified[2], and therefore we propose a new methodology for the design of the optimal (fair) decision rules. In particular, we show that in the Council of Ministers in 1958, Germany got too little weight as compared to France and Italy, and that, surprisingly, the choice to make Luxembourg a dummy was optimal in our context. In what follows, we explain why the nucleolus is an appealing power measure for this analysis.

As noted by Napel and Widgrén (2004) "Scientists who study power in political and economic institutions seem divided into two disjoint methodological camps. The first one uses non cooperative game theory to analyze the impact of explicit decision making procedures and given preferences over a well-defined, usually Euclidean policy space. The second one stands in the tradition of cooperative game theory with more abstractly defined voting bodies: the considered agents have no particular preferences and form winning coalitions which implement unspecified policies. Individual chances of being part of and influencing a winning coalition are then measured by a power index....Proponents of either approach have recently intensified their debate which was sparked by the critique by Garrett and Tsebelis (1999, 2001).... *Several authors have concluded that it is time to develop a unified framework for measuring decision power.* On the one hand, such framework should allow for predictions and ex post analysis of decisions based on knowledge of procedures and preferences. On the

[1] See for instance, Algaba et al. (2007), Barr and Passarelli (2009), Bilbao et al. (2002), Felsenthal and Machover (2001, 2004), Laruelle and Widgrén (1998) and Leech (2002).

[2] The smaller countries have not been systematically overrepresented according to the nucleolus. In particular, the total payoff is divided among the four largest countries in the 1973 and 1981 Councils.

other hand, it must be open to ex ante and even completely a priori analysis of power when detailed information may either not be available or should be ignored for normative reasons".

Some authors including Steunenberg, Schmidtchen and Koboldt (1999), Maaser and Napel (2007), Napel and Widgrén (2004) have proposed models of public decision making where, to some extent, the two points of view are reconciled. Steunenberg, Schmidtchen and Koboldt (1999) propose a general framework where the policy space is a multidimensional space and preferences are defined by the Euclidean distance to an ideal point. The power of a player with respect to an arbitrary outcome function (i.e., a function mapping a profile of ideal points into a policy) is defined as the difference between the expected payoff of this player and the expected payoff of a random player. They apply their theory to the case where the policy space is one-dimensional and where the game form is intended to model the EU decision-making process. Maaser and Napel (2007) also consider a one-dimensional policy space and model a two-tier representative system where each citizen in each constituency has single-peaked symmetric preferences. They assume that the representative of each constituency is the median voter of the constituency and that the decision taken at the top tier is the position of the pivotal representative. Using Monte-Carlo simulations, they investigate several artificial constituency configurations as well as the EU and the US electoral college. More precisely, given a random device to select the ideal points, they look for the allocation of voting weights for which each voter in each constituency has an equal chance to determine the policy implemented by the top tier, and show that the Penrose square root principle comes close to ensuring equal representation. Napel and Widgrén (2004) consider the situation where the status quo is matched against a proposal but the decision to challenge the status quo as well as the nature of the proposal is not exogenous like in traditional models of power measurement; instead the proposal is under the control of an agenda setter. They sketch a theory of power measurement (the players are the voters and the agenda-setter) for this specific setting and under the extra assumption of unidimensionality: where (ex ante) power is defined as expected marginal influence[3].

Napel and Widgrén (2004) assert that "So far, we have only considered ideal points in one-dimensional policy spaces. These are analytically convenient. Both the derivation of ex post power and formation of expectations are more complicated for higher-dimensional spaces. *However, there is no obstacle, in principle*". In this paper, we aim to contribute to the reconciliation between the two approaches. We certainly agree with the postulate that game forms have to be taken into account by political analysis but we do not want the power analysis to be extremely sensitive to the details of the game form used to describe the non-cooperative decision process, i.e. we would like to derive some *robust* power measure. To do so, we consider a specific, but extremely important, multidimensional policy space, namely *distributive politics.* Precisely, we are interested in multidimensional policy issues which can be represented as vectors in the simplex of some Euclidean space. This setting arises naturally when the issue under scrutiny is the allocation of a fixed budget (surplus, cost, gains from cooperation or coordination...) across the members of an organization. More

[3]Several authors including Napel and Widgrén (2006, 2009), Passarelli and Barr (2007) and Tsebelis (1994) have analyzed non cooperative game forms describing the interaction between the decision bodies (among which the council of ministers) involved in the EU decision making process.

generally, under the assumptions of transferable utility (i.e., quasi-linearity with respect to some common numeraire) and efficiency in public decision making, the simplex structure appears as the efficient frontier of any bounded and convex subset of policies like those considered in the spatial model of politics. The unit of measurement will be interpreted below as being money but alternative units, like for instance ministry portfolios or (local) public expenditures, can be considered. The key assumption that we make on preferences is that members of the organization only care about their share. *This means that the ideal points are the vertices of the simplex and that there is no room here for a difference between ex ante and ex post power measurement from the perspective of preferences.*[4]

Several alternative forms can be considered to describe the public decision making process. Following Montero (2006) and Snyder et al. (2005), we could consider for instance a *legislative bargaining game a la Baron and Ferejohn* (1989) where players act strategically as proposers and (or) voters. Montero (2006) shows that, if the vector of probabilities of being selected as a proposer coincides with the nucleolus, then the nucleolus is the unique vector of expected equilibrium payoffs. Another game form for which the nucleolus also appears as the vector of equilibrium payoffs is the celebrated *sequential lobbying model* pioneered by Groseclose and Snyder (1996) and further explored by Banks (2000), Diermeier and Myerson (1999), Le Breton and Zaporozhets (2010) and Le Breton, Sudhölter and Zaporozhets (2010) among others. In this model, two competing lobbies buy the votes of (some of) the members of a legislature in order to get these people to vote for their most preferred alternative. Young (1978 a, b) had already developed a quite similar model in a series of illuminating papers. Young (1978 a,b), Le Breton and Zaporozhets (2010) and Le Breton, Sudhölter and Zaporozhets (2010) have independently demonstrated that if at equilibrium lobbying takes place, then the nucleolus is a vector of equilibrium payoffs and, often, the unique vector of equilibrium payoffs. In both models, the ex ante approach is well defined. In the bargaining model, it is attached to the vector of probabilities of being selected to act as a proposer. In the lobbying model, as suggested in Diermeier and Myerson (1999), randomness results from the fact that the willingness to pay of each lobby is the realization of a random variable and that lobbying takes place iff the ratio of the two realizations is larger than some threshold called the *hurdle factor*.

These arguments provide grounds for our choice of the nucleolus as a contender to the traditional measures. Felsenthal and Machover (1998) and Laruelle and Valenciano (2008) argue that the (absolute) Banzhaf measure (see Penrose (1946) and Banzhaf (1965)) is appropriate for binary voting, whereas the Shapley-Shubik (1954) index is appropriate for distributive politics. The above line of reasoning shows that in the context of distributive politics the nucleolus can be considered as an appropriate power measure and an alternative to the Shapley-Shubik index. This point of view has been advocated a long time ago with

[4]This paper focuses exclusively on measurement and design issues. We will not discuss/provide any empirical testing of the bargaining/lobbying theories which are introduced. One prominent illustration of the distributive setting is the allocation of the European budget dedicated to agricultural matters. While complicated, the ultimate goal of the decision making process dealing with these issues is to divide the budget across countries in order to support some specific branches of this sector. Kauppi and Widgrén (2004) offer a convincing defense of the usefulness of quantitative power indices to describe a significant fraction of the distribution of power between members.

force and talent by Young[5] (1978 b) and more recently by Montero (2005). Our paper aims to contribute to the diffusion of the idea that the nucleolus is indeed a power index that should be considered in applied positive and normative analysis of organizations described as weighted majority games.

In the first part of our paper, we analyze the distribution of voting power in the Council of Ministers of the European Union according to the nucleolus starting from 1958 up to date. We compare the results of our calculations with the predictions provided by the Banzhaf and the Shapley-Shubik as well as another index obtained from the non-cooperative bargaining game due to Baron and Ferejohn (see Montero (2007)). We are interested in the power of a country to approve as well as its power to block a decision. The Banzhaf and the Shapley-Shubik indices give the same answer in both situations[6]. The two new measures may assign different values to the power to approve and to the power to block a proposal by a country.

In the second part, we move to a normative analysis, i.e. to the determination of the weights that should be assigned to the members of the EU Council of Ministers in order to achieve a certain social objective[7]. Hereafter, we will refer to these weights as being the *optimal weights.*

The question of finding the optimal weights has been addressed before in the literature, but always assuming a binary setting in which an alternative is pitted against the status quo, rather than a distributive setting in which the set of alternatives is a simplex. Within the binary setting, there have been egalitarian approaches that seek to equalize the power of all citizens (as measured by the Banzhaf index), and utilitarian approaches that seek to maximize the total utility of all citizens. Taking the egalitarian approach, Felsenthal and Machover (1998) show that the optimal weights are such that each country's Banzhaf index is proportional to the square root of its population size, the celebrated Penrose's rule (1946). Barberà and Jackson (2006) take a utilitarian approach and find that the optimal weights depend upon the details of the probability process selecting the profile of utilities. This utilitarian model has also been explored by Beisbart, Bovens and Hartmann (2005) and Beisbart and Hartmann (2010).

In this paper, we follow the egalitarian approach with the nucleolus being the measure of power of the countries in the EU Council of Ministers[8]: in our setting the role of the

[5]In Young (1978 c) a new and different approach to power measurement is developed.

[6]The (absolute) Banzhaf measure of a game coincides with the Banzhaf measure of the dual game in which the blocking coalitions of the original game are winning. There are two other measures, the Coleman (1971) measures, which refer to the probability of being pivotal conditional on the final decision being positive or negative. The two Coleman measures are proportional to the Banzhaf measure and are mutually dual (see Felsenthal and Machover, p. 49).

[7]The selection of national voting weights in the Council of Ministers of the European Union and its implied influence on the EU legislation have received a great deal of attention from academics, politicians and the general public and have generated a lot of controversies.

[8]As it will be clear, we could of course reproduce the analysis for any measure different from the nucleolus. We have argued that the nucleolus emerges at equilibrium in models of lobbying models and also in the Baron-Ferejohn bargaining setting for a specific choice of the recognition probabilities. Kalandrakis (2006) has shown that any vector from the simplex is the vector of equilibrium payoffs of the Baron-Ferejohn game for an appropriate choice of the recognition probabilities. We could for instance take the Shapley value instead of the nucleolus or take the equilibrium vector attached to the case where all recognition probabilities

Council of Ministers is to distribute some surplus across the countries. The country amount is then divided equally among their citizens (we do not introduce any bias). If this surplus is interpreted as the gains from the EU, we would like this surplus to be shared equally among European citizens[9]. It follows from our result that this egalitarian goal will be met perfectly if and only if the nucleolus for the representatives coincides with the population shares. It is not clear, however, how this principle ought to be operationalized in practice, either in terms of apportioning an integer number of seats for given non-integer ideal shares or in determining what are the ideal shares. Although it seems straightforward to allocate weights proportional to population sizes, this ignores the combinatorial properties of weighted voting, which often imply stark discrepancies between voting weight and actual voting power as illustrated in the beginning of the introduction. We are confronted to a truly *combinatorial second best optimization problem*. Second best, because we will never reach perfection and we need therefore to evaluate the social loss associated to any deviation from perfect equality. Combinatorial, because we have only a finite number of possibilities. In that respect the terminology "optimal weights" can be misleading as what really matters is the simple game induced by the weights. If there were only three countries, the notion of weights is almost meaningless. In addition to that, let us also point out that there is no reason to infer that the second best optimal simple game will be a weighted majority game[10]. The combinatorial problem is difficult[11]. We introduce a methodology, based on the specific criterion of *variance minimization*[12], for the design of the voting rule. Implementing the method is far from easy. We illustrate its application when the number of EU members was very small.

The rest of the paper is organized as follows. In the subsequent subsection we provide a review of the closely related literature. Section 3 describes the first five configurations of the Council of Ministers between 1958 and 1995 which operated under weighted voting rules. We provide the values for the nucleolus and the expected payoffs from the corresponding bargaining game both for the approval and the block situations. The expected payoffs, in fact, are given only up to 1986 due to the computational complexity. We compare these values with the more traditional power measures, the Banzhaf and the Shapley-Shubik indices. In section 4, we describe the qualified voting rules for 15 and 27 members as prescribed by the Treaty of Nice, and compare the nucleolus with the values for the Banzhaf and the Shapley-Shubik indices. Section 5 is devoted to the design of the optimal (fair) decision rules. Section 6 is devoted to the calculation of the optimal voting rule for the earlier stages of the EU.

are equal. Ultimalely, the validity of the optimal weights depends upon which parameters of the bargaining game are the most relevant to describe the particular distributive setting under scrutiny.

[9]The principle of "one person, one vote" is generally taken to be a corner stone of democracy. In this distributive setting, the principle is as simple as "one person, one euro".

[10]In the utilitarian framework, Barberà and Jackson (2006) show that the optimal voting rule is almost a weighted voting rule.

[11]This explains why many practionners select a parametrized family of weight functions (for instance, the population of the country to the power $\alpha$) and calculate the values of the power indices resulting from each feasible choice of the parameter(s). It is not entirely clear to us why this procedure guarantees that the optimal second best simple game can be determined through such exploration.

[12]Variance minimization has been adopted by many authors. Of course, many other inequality indices like for instance, the Gini index and the Kolm-Atkinson's indices could be used instead. The results are very similar if the Gini index is used instead (see p. 36).

An appendix is dedicated to an overview of the notions from cooperative game theory which are used in this paper, as well as some results on the combinatorics of simple games with a special attention to the issue of representation by weights.

# 2 Two "New" Power Indices

A measure of power is a map $\xi$ from the set of simple games $(N, \mathcal{W})$ to the set of $n$-tuples of real numbers. The value $\xi_i = \xi_i(N, \mathcal{W})$ is the power of player $i$ in the game $(N, \mathcal{W})$, and it satisfies $0 \leq \xi_i \leq 1$. The most famous power measures used in the literature are the Banzhaf $(BZ)$ and the Shapley-Shubik $(SS)$ indices[13]. In this paper, we introduce two new measures of power which are not derived from any set of axioms but instead as vectors of equilibrium payoffs of positive models of politics.

## 2.1 Lobbying and Power : The Nucleolus

In this section, we show that the nucleolus and more generally, the vectors belonging to the least core of the simple game arise as the vectors of equilibrium payoffs of a game describing the competition between two lobbies to buy the influence of the members of a legislature. More precisely, in Young (1978 a, b), Le Breton and Zaporozhets (2010) and Le Breton, Sudhölter and Zaporozhets (2010), it is shown that the least core and the nucleolus are in one-to-one correspondence with the set of vectors of equilibrium payoffs of the legislators in a celebrated game of lobbying due to Groseclose and Snyder (1996) and further analyzed by Banks (2000) and Diermeier and Myerson (1999). In this game-theoretical model of lobbying, the players of the simple game are the legislators or public decision makers in charge of public policy. The legislators are assumed to be reactive to the influence of two lobbies and the public policy can be biased towards one side or the other depending upon the strength of each lobby and one key parameter characterizing the simple game and called the *hurdle factor* of the simple game. Le Breton and Zaporozhets (2010) and Le Breton, Sudhölter and Zaporozhets (2010) show how to calculate the hurdle factor.

As emphasized by Young, the nucleolus $NU(N, \mathcal{W})$ of the simple game $(N, \mathcal{W})$ can be interpreted as the vector of relative prices of the legislators' votes that a lobby has to pay to impose its most preferred outcome in the presence of the opposition. It can be shown that those prices are the solutions (up to a normalization) to the following linear program[14]:

$$\begin{aligned} &\min \sum_{i \in N} t_i \\ &\text{s.t. } \sum_{i \in S} t_i \geq 1 \text{ for all } S \in \mathcal{W} \cdot \\ &\qquad t_i \geq 0 \text{ for all } i \in N \end{aligned} \tag{1}$$

[13]For the definitions and the properties see for example, Felsenthal and Machover (1998) and Laruelle and Valenciano (2008).

[14]In fact, the equilibrium offers $t_i$ coinside with the least core of the corresponding cooperative game. It may contain multiple solutions, but the nucleolus is always one of them.

It is important to point out that the set of prices that we obtain when blocking coalitions are considered differ from the set of prices when winning considered as above. The corresponding vector of prices are the solutions to the following linear program :

$$\begin{aligned}
&\min \sum_{i \in N} t_i \\
&\text{s.t.} \sum_{i \in S} t_i \geq 1 \text{ for all } S \in \mathcal{B} \; \cdot \\
&\quad t_i \geq 0 \text{ for all } i \in N
\end{aligned}$$

The measures of power advocated by Banzhaf and Shapley-Shubik are invariant to the duality operation, i.e. $BZ(N, \mathcal{W}) = BZ(N, \mathcal{B})$ and $SS(N, \mathcal{W}) = SS(N, \mathcal{B})$. In contrast, $NU(N, \mathcal{W}) \neq NU(N, \mathcal{B})$ except in the case where $(N, \mathcal{W})$ is constant sum. The second vector arises as a vector of equilibrium payoffs when the order of play of the two lobbies is inverted.

## 2.2 Bargaining and Power : The Nucleolus (Again)

In this section, we describe the power of the players as the payoffs they should expect to derive at equilibrium if the division of the pie proceeds from a legislative bargaining game constrained by some protocol. The game that we consider is the popular bargaining model introduced by Baron and Ferejohn (1989). The voting rule is represented by a simple voting game $(N, \mathcal{W})$.

Bargaining proceeds as follows. At every round $t = 1, 2, \ldots$ Nature selects a random proposer: player $i$ is selected with probability $p_i$. This player proposes a distribution of the budget $(x_1, \ldots, x_n)$ with $x_j \geq 0$ for all $j = 1, \ldots n$ and $\sum_{j=1}^{n} x_j = 1$. The proposal is voted upon immediately (closed rule). If the coalition of voters in favor of the proposal is winning, the proposal is implemented and the game ends; otherwise the game proceeds to the next period in which Nature selects a new proposer. Players are risk neutral and discount future payoffs by a factor $\delta_i \in [0, 1]$. A (pure) strategy for player $i$ is a sequence $\sigma_i = (\sigma_i^t)_{t=1}^{\infty}$, where $\sigma_i^t$, the $t$th round strategy of player $i$, prescribes:

1. A proposal $x$.

2. A response function assigning "yes" or "no" to all possible proposals by the other players.

The solution concept is *stationary subgame perfect equilibrium* (SSPE). Stationarity requires that players follow the same strategy at every round $t$ regardless of past offers and responses to past offers. Banks and Duggan (2000) have shown that an SSPE[15] always ex-

[15] The main predictions of the model in the absence of veto players are the following. First, there is a property of immediate agreement. Even without discounting there is a pressure to reach agreement in the first period because of the risk of being excluded afterwards. Second, all coalition partners with a positive expected payoff must be pivotal, since otherwise it would be a waste of resources for the agenda setter. Third, the proposer receives a disproportionate share of the pie, because he always buys the cheapest coalition and pays the minimum amount to its members just to secure the acceptance of the proposal.

ists[16] in this type of bargaining model. In addition, Eraslan and McLennan (2006)[17] have shown that all SSPE lead to the same expected equilibrium payoffs.

In the case where $p_i = \frac{1}{n}$ and $\delta_i = 1$ for all $i = 1, ..., n$, we denote by $BF(N, \mathcal{W})$ the unique vector of equilibrium payoffs attached to the SSPE of the bargaining game. Hereafter, we will refer to this vector as the Baron-Ferejohn measure of power attached to the simple game $(N, \mathcal{W})$.

Montero (2006) has analyzed the above bargaining game in the case where $\delta_i = \delta \leq 1$ for all $i = 1, ..., n$. She shows that if the vector $p$ coincides with the nucleolus, then $p$ is the unique vector of equilibrium payoffs. In her terminology, the nucleolus is a *self-confirming* measure of power. The nucleolus can be the equilibrium payoff for other probability vectors as well (see example 9 in Montero (2006)).

# 3 Five Voting Bodies: Descriptive Analysis of Power

This section is purely descriptive. We analyze five weighted majority voting games associated to the Council of Ministers of the European Union in 1958, 1973, 1981, 1986 and 1995 (Table 1 is adapted from Felsenthal and Machover, 2001), and compare the distribution of the decision power according to the four different power measures.

We provide values for the Banzhaf and the Shapley-Shubik indices (calculated using the webpage of D. Leech), the nucleolus (calculated using a Maple program based on Matsui and Matsui (2000)), as well as an index obtained from the non-cooperative bargaining game due to Baron and Ferejohn. We are interested in power distribution in both approval and block situations. Both Banzhaf and Shapley-Shubik indices give the same answer, however, the other two measures may assign different capacity to approve or to block a proposal by a country. Expected payoffs for the original Baron-Ferejohn game are taken from Montero (2007); some of these results also appear in Snyder et al. (2005)[18]. Besides reporting those results, in this paper we compute expected payoffs for the dual game, i.e., we consider blocking coalitions rather than winning coalitions.

## 3.1 Power Distribution in 1958

The European Community is represented by the weighted majority game $[12; 4, 4, 4, 2, 2, 1]$. As one can easily see Luxembourg is not in any winning or blocking coalition, and the game can be equivalently represented as $[6; 2, 2, 2, 1, 1, 0]$.

First, we look at the expected equilibrium payoffs in the bargaining game with equal probabilities of being a proposer and focusing on blocking coalitions. Denote by $x$, $y$ and

[16] The existence result is provided by Banks and Duggan (2000) in a very general setting in which the space of outcomes can be any convex compact set and the utility functions are concave but otherwise unrestricted.

[17] In the case of the standard majority game, the result was proved in Eraslan (2002).

[18] Montero (2007) computes expected payoffs for the 1958, 1973 and 1981 Councils. Snyder et al.'s (2005) table 2 contains expected payoffs for 1958 and 1973 case. The calculations coincide for 1958 but differ for 1973.

Table 1: **Weights and quota in the Council of Ministers.**

| **Country** | **1958** | **1973** | **1981** | **1986** | **1995** |
|---|---|---|---|---|---|
| **Germany** | 4 | 10 | 10 | 10 | 10 |
| **Italy** | 4 | 10 | 10 | 10 | 10 |
| **France** | 4 | 10 | 10 | 10 | 10 |
| **UK** | – | 10 | 10 | 10 | 10 |
| **Spain** | – | – | – | 8 | 8 |
| **Belgium** | 2 | 5 | 5 | 5 | 5 |
| **Netherlands** | 2 | 5 | 5 | 5 | 5 |
| **Greece** | – | – | 5 | 5 | 5 |
| **Portugal** | – | – | – | 5 | 5 |
| **Sweden** | – | – | – | – | 4 |
| **Austria** | – | – | – | – | 4 |
| **Denmark** | – | 3 | 3 | 3 | 3 |
| **Ireland** | – | 3 | 3 | 3 | 3 |
| **Finland** | – | – | – | – | 3 |
| **Luxembourg** | 1 | 2 | 2 | 2 | 2 |
| *Quota* | 12 | 41 | 45 | 54 | 62 |
| Total votes | 17 | 58 | 63 | 76 | 87 |
| *Quota (%)* | 70.59 | 70.69 | 71.43 | 71.05 | 71.26 |

$z$ respectively the expected payoffs for players of type 2, 1 and 0. If we impose $x = y$, the equilibrium strategies might be summarized as follows:

| | | **Player type** | | |
|---|---|---|---|---|
| | | [2] | [1] | [0] |
| **Coalition type** | $[2,2]$ | $\lambda$ (2) | – | – |
| | $[2,1]$ | $1-\lambda$ (2) | 1 (3) | – |
| | $[2,2,0]$ | – | – | $\mu$ (3) |
| | $[2,1,0]$ | – | – | $1-\mu$ (6) |

In the table we indicate the probability of proposing each coalition type by each player type, with the number of coalitions available to the proposer in parentheses.[19] The equations for the players' expected payoffs are:

[19] For example, a player of type [2] proposes a coalition of type [2,2] with probability $\lambda$. Because each proposer of type [2] belongs to two coalitions of type [2,2], each of them is proposed with probability $\lambda/2$. A type [0] player proposes a coalition of type [2,1,0] with probability $1-\mu$. There are 6 such coalitions, and each type [1] player belongs to 3 of them. Thus, if type [0] is selected to be the proposer, each type [1] player receives a proposal with probability $(1-\mu)/2$.

$$
\begin{aligned}
x &= \frac{1}{6}(1-x)+\frac{2}{6}\frac{\lambda}{2}x+\frac{2}{6}\frac{1}{3}x+\frac{1}{6}\left(\frac{2}{3}\mu+\frac{1-\mu}{3}\right)x \\
y &= \frac{1}{6}(1-x)+\frac{3}{6}\frac{1-\lambda}{2}y+\frac{1}{6}\frac{1-\mu}{2}y \\
z &= \frac{1}{6}(1-2x) \\
x &= y
\end{aligned}
$$

The solution is: $0 \leq \mu \leq 1$, $\lambda = \frac{6-5\mu}{15}$, $x = y = \frac{5}{28} \approx 0.179$, $z = \frac{3}{28} \approx 0.107$.

Interestingly, the medium-size countries get the same payoff as the large ones, and the small country gets a disproportionately high payoff as well. Part of the reason is that the small and medium countries have a disproportionately high proposal power: the probability of being selected as a proposer is the same for all the countries and equals $1/6$. Note also that Luxembourg is a dummy but gets a positive expected payoff because it is allowed to make proposals.

In order to calculate the nucleolus (NU) we solve the problem (1) which looks like:

$$
\begin{aligned}
&\min 3x+2y \\
&\text{s.t. } 2x+2y \geq 1 \\
&\quad 3x \geq 1 \\
&\quad x, y \geq 0
\end{aligned}
.
$$

The solution of this problem is:

$$x = \frac{1}{3},\ y = \frac{1}{6},$$

and the value of the program (the hurdle factor) is $\gamma = 1.333$.

If we look at the game with respect to the blocking coalitions, the nucleolus is the solution (up to a normalization) of the following program:

$$
\begin{aligned}
&\min 3x+2y \\
&\text{s.t. } x+y \geq 1 \\
&\quad 2x \geq 1 \\
&\quad x, y \geq 0
\end{aligned}
.
$$

.

The solution now is $\left(\frac{1}{2}, \frac{1}{2}\right)$ and the value of the program (the dual hurdle factor) is $\gamma = 2.5$.

The results are summarized in the following Table 2:

## 3.2 Power Distribution in 1973

The voting body is represented by the following weighted majority game: $[41; 10, 10, 10, 10, 5, 5, 3, 3, 2]$. There are 5 types of minimal blocking coalitions: $[10, 10]$, $[10, 5, 5]$, $[10, 5, 3]$, $[10, 3, 3, 2]$ and $[5, 5, 3, 3, 2]$.

Table 2: **Power distribution in 1958.**

| **Country** | **SS** | **BZ** | **BF** | **BF (b)** | **NU** | **NU(b)** |
|---|---|---|---|---|---|---|
| | | | | | $\gamma = 1.333$ | $\gamma = 2.5$ |
| **Germany** | 0.233 | 0.238 | 0.238 | 0.179 | 0.250 | 0.200 |
| **Italy** | 0.233 | 0.238 | 0.238 | 0.179 | 0.250 | 0.200 |
| **France** | 0.233 | 0.238 | 0.238 | 0.179 | 0.250 | 0.200 |
| **Netherlands** | 0.150 | 0.143 | 0.119 | 0.179 | 0.125 | 0.200 |
| **Belgium** | 0.150 | 0.143 | 0.119 | 0.179 | 0.125 | 0.200 |
| **Luxembourg** | 0 | 0 | 0.048 | 0.107 | 0 | 0 |

Again, we are looking for the expected equilibrium payoffs with respect to the blocking, and we denote by $x$, $y$, $z$ and $w$ the expected payoffs for players of type 10, 5, 3 and 2 respectively. We postulate an equilibrium with $y = z$ and $x < 2y$. Under these assumptions, [10,10] is the cheapest coalition type for proposer type [10], and [10,5,3] is the cheapest coalition type for [3]. Type [5] is indifferent between [10,5,5] and [10,5,3]; we postulate that [10,5,3] is proposed with certainty. Type [2]'s cheapest minimal winning coalition is [10,3,3,2], but this is not the optimal coalition for this type because [10,10,2] is cheaper. The equilibrium strategies might be summarized as follows:

| | | **Player type** | | | |
|---|---|---|---|---|---|
| | | [10] | [5] | [3] | [2] |
| **Coalition type** | $[10,10]$ | 1(3) | – | – | – |
| | $[10,5,3]$ | – | 1(8) | 1(8) | – |
| | $[10,10,2]$ | – | – | – | 1(4) |

The equations for the expected payoffs are given by:

$$\begin{aligned}
x &= \frac{1}{9}(1-x) + \frac{3}{9}\frac{1}{3}x + \frac{4}{9}\frac{1}{4}x + \frac{1}{9}\frac{1}{2}x \\
y &= \frac{1}{9}(1-x-z) + \frac{2}{9}\frac{1}{2}y \\
z &= \frac{1}{9}(1-x-y) + \frac{2}{9}\frac{1}{2}z \\
w &= \frac{1}{9}(1-2x) \\
y &= z
\end{aligned}$$

Expected equilibrium payoffs are:

$$x = \frac{2}{15} \approx 0.133,\ y = z = \frac{13}{135} \approx 0.096,\ w = \frac{11}{135} \approx 0.081.$$

Surprisingly, expected payoffs for the smaller countries are quite large and do not differ much between player types.

To calculate the nucleolus we solve the linear program:

$$
\begin{aligned}
&\min 4x + 2y + 2z + w \\
&\text{s.t.}\quad 4x + y \geq 1 \\
&\qquad 4x + z \geq 1 \\
&\qquad 4x + w \geq 1 \\
&\qquad 3x + 2y + z \geq 1 \\
&\qquad 3x + 2y + w \geq 1 \\
&\qquad 3x + y + 2z \geq 1 \\
&\qquad x, y, z, w \geq 0
\end{aligned}
.
$$

The solution is $(1/3, 0, 0, 0)$ and the value of the program is $4/3$. As compared to 1958 the hurdle factor does not change, as well as the power of the big countries. However, other countries, even though they are not dummies, get zero.

Looking at the minimal blocking coalitions we need to solve:

$$
\begin{aligned}
&\min 4x + 2y + 2z + w \\
&\text{s.t.}\quad x + y + z \geq 1 \\
&\qquad x + 2y \geq 1 \\
&\qquad 2x \geq 1 \\
&\qquad 2y + 2z + w \geq 1 \\
&\qquad x + 2z + w \geq 1 \\
&\qquad x, y, z, w \geq 0
\end{aligned}
$$

We deduce that the nucleolus in this case is $\left(\frac{1}{6}, \frac{1}{12}, \frac{1}{12}, 0\right)$ and the dual hurdle factor is $\gamma = 3$. It is interesting to notice, that even though Luxembourg is not a dummy anymore it gets 0. Further, the hurdle factor is increasing as compared to the previous case, which means that the Council became less vulnerable to lobbying.

The results are summarized in the Table 3.

## 3.3 Power Distribution in 1981

As it is shown in Montero (2007) the representation $[45; 10, 10, 10, 10, 5, 5, 5, 3, 3, 2]$ is equivalent to $[18; 4, 4, 4, 4, 2, 2, 2, 1, 1, 1]$.

The nucleolus is the solution of the linear program:

$$
\begin{aligned}
&\min 4x + 3y + 3z \\
&\text{s.t.}\quad 4x + y \geq 1 \\
&\qquad 4x + 2z \geq 1 \\
&\qquad 3x + 3y \geq 1 \\
&\qquad 3x + 2y + 2z \geq 1 \\
&\qquad x, y, z \geq 0
\end{aligned}
$$

Table 3: **Power distribution in 1973.**

| Country | SS | BZ | BF | BF (b) | NU<br>$\gamma = 1.333$ | NU (b)<br>$\gamma = 3.0$ |
|---|---|---|---|---|---|---|
| **Germany** | 0.179 | 0.167 | 0.159 | 0.133 | 0.250 | 0.167 |
| **Italy** | 0.179 | 0.167 | 0.159 | 0.133 | 0.250 | 0.167 |
| **France** | 0.179 | 0.167 | 0.159 | 0.133 | 0.250 | 0.167 |
| **UK** | 0.179 | 0.167 | 0.159 | 0.133 | 0.250 | 0.167 |
| **Belgium** | 0.081 | 0.091 | 0.079 | 0.096 | 0 | 0.083 |
| **Netherlands** | 0.081 | 0.091 | 0.079 | 0.096 | 0 | 0.083 |
| **Denmark** | 0.057 | 0.066 | 0.071 | 0.096 | 0 | 0.083 |
| **Ireland** | 0.057 | 0.066 | 0.071 | 0.096 | 0 | 0.083 |
| **Luxembourg** | 0.001 | 0.016 | 0.063 | 0.081 | 0 | 0 |

The minimum is reached at $(1/3, 0, 0)$, and the value of this minimum is $4/3$. In fact, nothing is changed as compared to 1973.

The following linear program:

$$\begin{aligned} &\min 4x + 3y + 3z \\ &\text{s.t. } 2x \geq 1 \\ &\quad x + 2y \geq 1 \\ &\quad x + y + 2z \geq 1 \\ &\quad 3y + 2z \geq 1 \\ &\quad x, y, z \geq 0 \end{aligned}$$

gives the solution if we are interested in the game with respect to blocking situation. The nucleolus in this case is $(0.16, 0.08, 0.04)$ and the dual hurdle factor is $\gamma = 3.125$.

When calculating the expected payoffs, we postulate $x < 2y$, $y < 2z$ and $x < y + z$ (the latter inequality implies that [4,4,1] is the optimal coalition type for player type [1]). Then, the optimal strategies can be summarized in the following table:

| | | **Player type** | | |
|---|---|---|---|---|
| | | [4] | [2] | [1] |
| **Coalition type** | $[4,4]$ | 1(3) | – | – |
| | $[4,2,2]$ | – | 1(8) | – |
| | $[4,4,1]$ | – | – | 1(6) |

The system for the equilibrium expected payoffs is:

$$
\begin{aligned}
x &= \frac{1}{10}(1-x) + \frac{3}{10}\frac{1}{3}x + \frac{3}{10}\frac{2}{8}x + \frac{3}{10}\frac{3}{6}x \\
y &= \frac{1}{10}(1-x-y) + \frac{2}{10}\frac{4}{8}y \\
z &= \frac{1}{10}(1-2x)
\end{aligned}
$$

The solution is:

$$x = \frac{4}{31} \approx 0.129, \;\; y = \frac{27}{310} \approx 0.087 \text{ and } z = \frac{23}{310} \approx 0.074.$$

Interestingly, $x < 2y$ and $y < 2z$, i.e. the price per vote of a smaller player is higher than for a bigger one.

The results are summarized in the Table 4.

Table 4: **Power distribution in 1981.**

| **Country** | **SS** | **BZ** | **BF** | **BF (b)** | **NU** $\gamma = 1.333$ | **NU (b)** $\gamma = 3.125$ |
|---|---|---|---|---|---|---|
| **Germany** | 0.174 | 0.158 | 0.160 | 0.129 | 0.250 | 0.160 |
| **Italy** | 0.174 | 0.158 | 0.160 | 0.129 | 0.250 | 0.160 |
| **France** | 0.174 | 0.158 | 0.160 | 0.129 | 0.250 | 0.160 |
| **UK** | 0.174 | 0.158 | 0.160 | 0.129 | 0.250 | 0.160 |
| **Belgium** | 0.071 | 0.082 | 0.080 | 0.087 | 0 | 0.080 |
| **Netherlands** | 0.071 | 0.082 | 0.080 | 0.087 | 0 | 0.080 |
| **Greece** | 0.071 | 0.082 | 0.080 | 0.087 | 0 | 0.080 |
| **Denmark** | 0.030 | 0.041 | 0.040 | 0.074 | 0 | 0.040 |
| **Ireland** | 0.030 | 0.041 | 0.040 | 0.074 | 0 | 0.040 |
| **Luxembourg** | 0.030 | 0.041 | 0.040 | 0.074 | 0 | 0.040 |

## 3.4 Power Distribution in 1986

The game is described as $[54; 10, 10, 10, 10, 8, 5, 5, 5, 5, 3, 3, 2]$. With respect to the blocking the game can be written as: $[23; 10, 10, 10, 10, 8, 5, 5, 5, 5, 3, 3, 2]$. By $\omega$ we denote the number of minimum winning coalitions. Table 5 summarizes the power measures for this voting rule.

Table 5: **Power distribution in 1986.**

| **Country** | **SS** | **BZ** | **NU** $\gamma = 1.38$ $\omega = 135$ | **NU (b)** $\gamma = 3.2$ $\omega = 182$ |
|---|---|---|---|---|
| **Germany** | 0.134 | 0.129 | 0.138 | 0.125 |
| **Italy** | 0.134 | 0.129 | 0.138 | 0.125 |
| **France** | 0.134 | 0.129 | 0.138 | 0.125 |
| **UK** | 0.134 | 0.129 | 0.138 | 0.125 |
| **Spain** | 0.111 | 0.109 | 0.103 | 0.125 |
| **Belgium** | 0.064 | 0.067 | 0.069 | 0.063 |
| **Netherlands** | 0.064 | 0.067 | 0.069 | 0.063 |
| **Greece** | 0.064 | 0.067 | 0.069 | 0.063 |
| **Portugal** | 0.064 | 0.067 | 0.069 | 0.063 |
| **Denmark** | 0.043 | 0.046 | 0.034 | 0.063 |
| **Ireland** | 0.043 | 0.046 | 0.034 | 0.063 |
| **Luxembourg** | 0.012 | 0.018 | 0 | 0 |

### 3.5 Power Distribution in 1995

The game is described as $[62; 10, 10, 10, 10, 8, 5, 5, 5, 5, 4, 4, 3, 3, 3, 2]$ with total weight 87. With respect to the blocking the game becomes: $[26; 10, 10, 10, 10, 8, 5, 5, 5, 5, 4, 4, 3, 3, 3, 2]$. Table 6 summarizes the power measures for this voting rule.

## 4 Qualified Majority Voting in the Treaty of Nice

### 4.1 QMV in non-enlarged CM

The Treaty of Nice changed the votes of the member states and the quota to $\mathcal{W}_{15} = [169; 29, 29, 29, 29, 27, 13, 12, 12, 12, 10, 10, 7, 7, 7, 4]$. It also introduced the additional requirement that the member states constituting the qualified majority represent at least 62% of the total population. A majority of member states is also mentioned, but this turns out to be redundant (see Felsenthal and Machover (2001)).

The rule $\mathcal{P}_{15} = [2327; 820, 592, 590, 576, 394, 158, 105, 102, 100, 89, 81, 53, 52, 37, 4]$ (total weight is 3753) is the weighted rule whose weights are population sizes of 15 countries and quota is 62%. The following Table 7 presents the results of computing the nucleolus for $\mathcal{W}_{15}$ as well as for the double majority system $\mathcal{W}_{15} \cap \mathcal{P}_{15}$.

Table 6: **Power distribution in 1995.**

| **Country** | **SS** | **BZ** | **NU** $\gamma = 1.4$ $\omega = 829$ | **NU (b)** $\gamma = 3.33$ $\omega = 1270$ |
|---|---|---|---|---|
| **Germany** | 0.117 | 0.112 | 0.115 | 0.1 |
| **Italy** | 0.117 | 0.112 | 0.115 | 0.1 |
| **France** | 0.117 | 0.112 | 0.115 | 0.1 |
| **UK** | 0.117 | 0.112 | 0.115 | 0.1 |
| **Spain** | 0.095 | 0.092 | 0.092 | 0.1 |
| **Belgium** | 0.055 | 0.059 | 0.057 | 0.05 |
| **Netherlands** | 0.055 | 0.059 | 0.057 | 0.05 |
| **Greece** | 0.055 | 0.059 | 0.057 | 0.05 |
| **Portugal** | 0.055 | 0.059 | 0.057 | 0.05 |
| **Sweden** | 0.045 | 0.048 | 0.046 | 0.05 |
| **Austria** | 0.045 | 0.048 | 0.046 | 0.05 |
| **Denmark** | 0.035 | 0.036 | 0.034 | 0.05 |
| **Ireland** | 0.035 | 0.036 | 0.034 | 0.05 |
| **Finland** | 0.035 | 0.036 | 0.034 | 0.05 |
| **Luxembourg** | 0.021 | 0.023 | 0.023 | 0.05 |

## 4.2 QMV in a 27-member CM

Following Felsenthal and Machover (2001) and Bilbao et al. (2002) we consider different variants involving votes, population and/or number of member countries.

The first variant is a double majority system $v_1 \cap v_2$, or $v_1 \cap v_3$. The rule $v_1$ is the weighted rule with votes described by

$\mathcal{W}_{27} = [255; 29, 29, 29, 29, 27, 27, 14, 13, 12, 12, 12, 12, 12, 10, 10, 10, 7, 7, 7, 7, 7, 4, 4, 4, 4, 4, 3]$[20].

The rule $v_2$ is rule $\mathcal{P}_{27}$, the weighted rule whose weights are population shares (per thousand) of the 27 members and whose quota is equal to 62%:

$\mathcal{P}_{27} = [620; 170, 123, 122, 120, 82, 80, 47, 33, 22, 21, 21, 21, 21, 18, 17, 17, 11, 11, 11, 8, 8, 5, 4, 3, 2, 1, 1]$.

Finally, $v_3$ is either $\mathcal{M}_{27}$, the ordinary majority rule, with weight 1 for each country and quota 14, or $\mathcal{M}'_{27}$, a qualified majority of 2/3 of the countries, with weight 1 for each country and quota 18 :

$\mathcal{M}_{27} = [14; 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1]$;

$\mathcal{M}'_{27} = [18; 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1]$;

The second variant is a triple majority system of votes, population and member countries $v_1 \cap v_2 \cap v_3$, where $v_1$, $v_2$ and $v_3$ are as before.

[20] Sometimes in the literature quota 258 is used because of the discrepancies in the Nice Treaty. It appears that the correct number is 255. However, we perform calculations also for quota 258, and we did not find significant differences.

Table 7: **Power distribution for the 15 EU countries under the nucleolus.**

| **Country** | $\mathcal{W}_{15}$ | | $\mathcal{W}_{15} \cap \mathcal{P}_{15}$ | |
|---|---|---|---|---|
| | **NU** | **NU(b)** | **NU** | **NU(b)** |
| | $\gamma = 1.4$ | $\gamma = 3.414$ | $\gamma = 1.4$ | $\gamma = 3.483$ |
| | $\omega = 775$ | $\omega = 1018$ | $\omega = 760$ | $\omega = 1490$ |
| **Germany** | 0.122 | 0.121 | 0.122 | 0.139 |
| **Italy** | 0.122 | 0.121 | 0.122 | 0.119 |
| **France** | 0.122 | 0.121 | 0.122 | 0.119 |
| **UK** | 0.122 | 0.121 | 0.122 | 0.119 |
| **Spain** | 0.112 | 0.111 | 0.112 | 0.109 |
| **Belgium** | 0.051 | 0.061 | 0.051 | 0.059 |
| **Netherlands** | 0.051 | 0.051 | 0.051 | 0.050 |
| **Greece** | 0.051 | 0.051 | 0.051 | 0.050 |
| **Portugal** | 0.051 | 0.051 | 0.051 | 0.050 |
| **Sweden** | 0.041 | 0.040 | 0.041 | 0.050 |
| **Austria** | 0.041 | 0.040 | 0.041 | 0.040 |
| **Denmark** | 0.031 | 0.030 | 0.031 | 0.030 |
| **Ireland** | 0.031 | 0.030 | 0.031 | 0.030 |
| **Finland** | 0.031 | 0.030 | 0.031 | 0.030 |
| **Luxembourg** | 0.020 | 0.020 | 0.020 | 0.020 |

In the following table we report the number of minimum winning coalitions for each analyzed rule:

Table 8: **Minimal winning coalitions for the 27 EU countries under different rules.**

| **rule** | $\omega$ |
|---|---|
| $\mathcal{W}_{27}$ | 476063 |
| $\mathcal{W}_{27} \cap \mathcal{P}_{27}$ | 476060 |
| $\mathcal{W}_{27} \cap \mathcal{M}_{27}$ | 476063 |
| $\mathcal{W}_{27} \cap \mathcal{M}'_{27}$ | 684204 |
| $\mathcal{W}_{27} \cap \mathcal{M}_{27} \cap \mathcal{P}_{27}$ | 476060 |
| $\mathcal{W}_{27} \cap \mathcal{M}'_{27} \cap \mathcal{P}_{27}$ | 684201 |

One can notice that there is not a big difference in terms of the number of the minimum winning coalitions between $\mathcal{W}_{27}$, $\mathcal{W}_{27} \cap \mathcal{P}_{27}$, $\mathcal{W}_{27} \cap \mathcal{M}_{27}$ and $\mathcal{W}_{27} \cap \mathcal{M}_{27} \cap \mathcal{P}_{27}$ or between $\mathcal{W}_{27} \cap \mathcal{M}'_{27}$ and $\mathcal{W}_{27} \cap \mathcal{M}'_{27} \cap \mathcal{P}_{27}$.

Interestingly, the hurdle factor $\gamma$ is not affected by the additional requirements and it remains the same ($\gamma = 1.337$) for all combinations. The nucleolus also assigns the same values under all these rules. The results are given in the subsequent Table 9.

Table 9: **Power distribution for the 27 EU countries according to the nucleolus under different rules.**

| Country | NU |
|---|---|
| **Germany** | 0.084 |
| **UK** | 0.084 |
| **France** | 0.084 |
| **Italy** | 0.084 |
| **Spain** | 0.078 |
| **Poland** | 0.078 |
| **Romania** | 0.041 |
| **Netherlands** | 0.038 |
| **Greece** | 0.035 |
| **Czech Republic** | 0.035 |
| **Belgium** | 0.035 |
| **Hungary** | 0.035 |
| **Portugal** | 0.035 |
| **Sweden** | 0.029 |
| **Bulgaria** | 0.029 |
| **Austria** | 0.029 |
| **Slovak Republic** | 0.020 |
| **Denmark** | 0.020 |
| **Finland** | 0.020 |
| **Ireland** | 0.020 |
| **Lithuania** | 0.020 |
| **Latvia** | 0.012 |
| **Slovenia** | 0.012 |
| **Estonia** | 0.012 |
| **Cyprus** | 0.012 |
| **Luxembourg** | 0.012 |
| **Malta** | 0.009 |

# 5 The Power of the European Citizens and the Optimal Decision Rule

In the previous sections we calculated the power of each nation (representative) in the Council of Ministers of the European Union measured for four measures of power. In this section, we will focus on the nucleolus and we will adopt a normative perspective. As already explained, focusing on the nucleolus simply means that we are interested in European policy issues which can be described formally as distributive politics. Something has to be shared among the members of the council of ministers and ultimately among the European citizens and the nucleolus is the reduced form of equilibrium for several alternative game forms spanning bargaining and lobbying. To fix ideas, let us for the time being interpret this pie as the gains (measured in appropriate units) resulting from European coordination. Fairness suggests allocating these gains equally across European citizens. This means that each country should receive a share proportional to its population size. If there were no intermediate political bodies i.e. if the simple game to be considered was the majority game with the set of European citizens as the set of players, then all the coordinates of the nucleolus would be equal and proportionality would be fulfilled. Unfortunately, we are in a second best environment: the negotiation takes place across the countries. Only, in a second stage, the share obtained by each country is divided among the citizens of the country. We are left with a non trivial mechanism-design exercise because we need to evaluate the citizens' indirect power via their representatives in a two-stage decision-making process: at the first stage citizens elect their representative (exercise their direct power), and at the second stage the representative makes an actual decision (citizens exercise only indirect power).

In what follows, we use a similar approach as in Felsenthal and Machover (1998) to measure citizens' indirect Banzhaf power in a two-tier system. Their main result is that citizens' indirect Banzhaf powers are equal if and only if the Banzhaf powers of the delegates in the council are proportional to the respective square root of the population size[21]. Algaba et al. (2007) apply this theory to analyze the power of the European citizens for 25 and 27 countries. In the proposition below we prove a similar theoretical result for the relative voting power measured by the nucleolus and then apply it to the Council of Ministers of the European Union.

To describe the two-stage political process we use the following notations. Let the simple voting game $\Gamma_0 = (M, \mathcal{W}^0)$ describe the decision-making process at the council, where $M = \{1, ..., m\}$ is the set of countries and $\mathcal{W}^0$ is set of all winning coalitions. Also, by $u$ we denote the characteristic function. Similarly, the game $\Gamma_i = (N_i, \mathcal{W}^i)$, $i = 1...m$ refers to the decision-making process for each country $i$. Naturally, we assume that the sets $N_i$ are disjoint. Then, the *compound* game $\Gamma = \Gamma_0 [\Gamma_1, ..., \Gamma_m]$ is defined over set $N = N_1 \cup ... \cup N_m$ and its characteristic function $v$ is defined by

$$v(S) = u(\{i \in M : S \cap N_i \in \mathcal{W}^i\}),\ S \subset N.$$

We also denote by $n_i$ and $n$ the size of $N_i$ and $N$ respectively. We adopt an assumption from Felsenthal and Machover (1998) that each component $\Gamma_i$ is a quota majority game with the same quota[22] $q \geq 1/2$ for all $i = 1...m$. By assumption, the numbers $n_i$ are very large.

**Proposition 1** *The nucleolus $\nu$ of the simple game $\Gamma$ can be expressed through the nucleolus $\nu^0$ of the game $\Gamma_0$ as follows*

[21] See their theorem 3.43.

[22] In fact, Felsenthal and Machover (1998) assume that the components are simple majority games, i.e. $q = 1/2$.

$$\nu = \left( \underbrace{\frac{\nu_1^0}{n_1}, ..., \frac{\nu_1^0}{n_1}}_{n_1 \ times}, ..., \underbrace{\frac{\nu_m^0}{n_m}, ..., \frac{\nu_m^0}{n_m}}_{n_m \ times} \right). \tag{2}$$

**Proof.** In order to find the nucleolus for the game $\Gamma$ (up to a normalization) we need to solve the following linear minimization problem:

$$\begin{array}{l} \min \sum\limits_{i \in M} \sum\limits_{j \in N_i} t_{ij} \\ \text{s.t. } \sum\limits_{i \in S} \sum\limits_{j \in T_i} t_{ij} \geq 1 \text{ for } T_i \in \mathcal{W}^i, S \in \mathcal{W}^0 \\ \quad t_{ij} \geq 0 \text{ for } i \in M, j \in N_i \end{array} \cdot \tag{3}$$

The numbers $t_{ij}$ reflect the amounts each citizen $j$ in country $i$ gets. Without loss of generality we can take $t_{ij} = t_i$, i.e. the citizens' of country $i$ get the same amount. Then, the problem (3) can be rewritten as follows:

$$\begin{array}{l} \min \sum\limits_{i \in M} n_i t_i \\ \text{s.t. } \sum\limits_{i \in S} q n_i t_i \geq 1 \text{ for } S \in \mathcal{W}^0 \\ \quad t_i \geq 0 \text{ for } i \in M \end{array} \cdot$$

Applying the substitution for $t'_i = q n_i t_i$ the minimization problem equivalently can be rewritten as:

$$\begin{array}{l} \min \sum\limits_{i \in M} t'_i \\ \text{s.t. } \sum\limits_{i \in S} t'_i \geq 1 \text{ for } S \in \mathcal{W}^0 \\ \quad t'_i \geq 0 \text{ for } i \in M \end{array} \cdot \tag{4}$$

One can notice that the final problem (4) is the problem for the representatives. Therefore, we proved that $t_i = \frac{1}{q n_i} t'_i$ and taking into account normalization we establish the claim. ■

From the proof of the proposition it also follows that the hurdle factor $\gamma$ of the compound game is equal to the hurdle factor $\gamma^0$ of the game for the representatives multiplied by $\frac{1}{q}$. The determination of the nucleolus of a compound simple game is not straightforward. Our proposition is a specific case of a more general result by Megiddo (1971, 1974). He shows that the nucleolus $\nu$ of a compound game $\Gamma$ can be expressed as follows:

$$\nu = \alpha_1 \nu^{1*} + ... + \alpha_m \nu^{m*},$$

where $\nu^{i*}$ is a baricentrical projection of $\nu^i$ on $N_i$, i.e.

$$\nu_j^{i*} = \begin{cases} \nu_j^i, & j \in N_i \\ 0, & j \notin N_i \end{cases}$$

and $\alpha_i$ is a solution to an optimization problem[23]. In our case $\alpha = \nu^0$.

**Corollary 2** *Citizens' indirect powers measured by the nucleolus $\nu_i$ are equal for all $i \in N$ iff the powers of the delegates $\nu_j^0$ are equal to the respective population rates $\frac{n_j}{n}$.*

The optimization variable is here the simple game $(M, \mathcal{W}^0)$. There is a finite number of possible choices. This number can be large if we do not impose any restrictions on the nature of the simple game. In appendix 3 we report some results from the literature on the enumeration of all simple games or important families of simple games. One of the most important classes is that of strong weighted majority games. If we limit the optimization to that subclass, then we may think of using Peleg's (1968) result asserting that, if we assign zero weight to dummy players, the unique normalized homogeneous representation of a homogeneous strong weighted majority game $(N, \mathcal{W})$ coincides with the nucleolus of $(N, v)$. If the game generated by the weights $\omega_i = n_i$ and the quota $\frac{\sum_{i \in M} \omega_i}{2}$ is homogeneous and has no dummy players, then the solution of our problem is trivial as we can get the first best. Unfortunately, things are much less simple. In what follows, we will formulate the combinatorial optimization problem that we consider and derive the optimal simple game $(M, \mathcal{W}^0)$. Before doing so, it is useful to evaluate how the implications of the choices of $(M, \mathcal{W}^0)$ on the nucleolus for the five stages of European enlargement which are considered in this paper. In the following two tables 10 and 11 we show the population ratios taken from Felsenthal and Machover (1998, 2004) and the nucleolus taken from the tables in the previous section. An asterisk indicates an occurrence of the paradox of new members: a member state's relative power has increased although its relative weight has decreased as a result of the accession of the new members. One can notice that it happens for example, in 1995 when Luxembourg gains in relative power from 0 to 0.023.

[23] See his Theorem 5.6.

Table 10: **Population and the nucleolus in the Council of Ministers 1958-1995.**

| **Country** | **1958** | | **1973** | | **1981** | | **1986** | | **1995** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $\frac{n_j}{n}$ | **NU** | $\frac{n_j}{n}$ | **NU** | $\frac{n_j}{n}$ | **NU** | $\frac{n_j}{n}$ | **NU** | $\frac{n_j}{n}$ | **NU** |
| **France** | 0.266 | **0.250** | 0.203 | **0.250** | 0.200 | **0.250** | 0.172 | **0.138** | 0.156 | **0.115** |
| **Germany** | 0.322 | **0.250** | 0.242 | **0.250** | 0.228 | **0.250** | 0.189 | **0.138** | 0.220 | **0.115** |
| **Italy** | 0.291 | **0.250** | 0.214 | **0.250** | 0.209 | **0.250** | 0.176 | **0.138** | 0.154 | **0.115** |
| **Belgium** | 0.053 | **0.125** | 0.038 | **0** | 0.036 | **0** | 0.031 | **0.069*** | 0.027 | **0.057** |
| **Netherlands** | 0.066 | **0.125** | 0.052 | **0** | 0.053 | **0** | 0.045 | **0.069*** | 0.042 | **0.057** |
| **Luxembourg** | 0.002 | **0** | 0.001 | **0** | 0.001 | **0** | 0.001 | **0** | 0.001 | **0.023*** |
| **UK** | – | – | 0.218 | **0.250** | 0.205 | **0.250** | 0.176 | **0.138** | 0.157 | **0.115** |
| **Denmark** | – | – | 0.019 | **0** | 0.019 | **0** | 0.016 | **0.034*** | 0.014 | **0.034** |
| **Ireland** | – | – | 0.012 | **0** | 0.013 | **0** | 0.011 | **0.034*** | 0.010 | **0.034** |
| **Greece** | – | – | – | – | 0.036 | **0** | 0.031 | **0.069*** | 0.028 | **0.057** |
| **Spain** | – | – | – | – | – | – | 0.120 | **0.103** | 0.105 | **0.092** |
| **Portugal** | – | – | – | – | – | – | 0.031 | **0.069** | 0.027 | **0.057** |
| **Austria** | – | – | – | – | – | – | – | – | 0.022 | **0.046** |
| **Sweden** | – | – | – | – | – | – | – | – | 0.024 | **0.046** |
| **Finland** | – | – | – | – | – | – | – | – | 0.014 | **0.034** |

It is interesting to compare this table with table 5.3.9 in Felsenthal and Machover (1998), where fairness is evaluated using the Banzhaf index as a power measure. By comparing Banzhaf indices and the square root of the population, they show that larger member states tend to have too little power and the smaller ones too much, though they claim that the discrepancies are not too large except for Germany and Luxembourg. In our table we see two types of situation: for 1958, 1986 and 1995 the pattern of larger countries getting a less than proportional payoff is repeated; however in 1973 and 1981 the payoff is divided among the four largest countries.

Table 11: **Population and the nucleolus in the Council of Ministers under QM rules with 15 and 27 members.**

| Country | QM 15 | | QM 27 | |
|---|---|---|---|---|
| | $\frac{n_j}{n}$ | NU | $\frac{n_j}{n}$ | NU |
| **Germany** | 0.219 | **0.122** | 0.170 | **0.084** |
| **France** | 0.157 | **0.122** | 0.123 | **0.084** |
| **UK** | 0.158 | **0.122** | 0.123 | **0.084** |
| **Italy** | 0.154 | **0.122** | 0.120 | **0.084** |
| **Spain** | 0.105 | **0.112** | 0.082 | **0.078** |
| **Poland** | – | – | 0.080 | **0.078** |
| **Romania** | – | – | 0.047 | **0.041** |
| **Netherlands** | 0.042 | **0.051** | 0.033 | **0.038** |
| **Greece** | 0.028 | **0.051** | 0.022 | **0.035** |
| **Portugal** | 0.027 | **0.051** | 0.021 | **0.035** |
| **Belgium** | 0.027 | **0.051** | 0.021 | **0.035** |
| **Czech Republic** | – | – | 0.021 | **0.035** |
| **Hungary** | – | – | 0.021 | **0.035** |
| **Sweden** | 0.024 | **0.041** | 0.018 | **0.029** |
| **Austria** | 0.022 | **0.041** | 0.017 | **0.029** |
| **Bulgaria** | – | – | 0.017 | **0.029** |
| **Denmark** | 0.014 | **0.031** | 0.011 | **0.02** |
| **Slovak Republic** | – | – | 0.011 | **0.02** |
| **Finland** | 0.014 | **0.031** | 0.011 | **0.02** |
| **Ireland** | 0.010 | **0.031** | 0.008 | **0.02** |
| **Lithuania** | – | – | 0.008 | **0.02** |
| **Latvia** | – | – | 0.005 | **0.012** |
| **Slovenia** | – | – | 0.004 | **0.012** |
| **Estonia** | – | – | 0.003 | **0.012** |
| **Cyprus** | – | – | 0.002 | **0.012** |
| **Luxembourg** | 0.001 | **0.020** | 0.001 | **0.012** |
| **Malta** | – | – | 0.001 | **0.009** |

Obviously, the results suggest that the European citizens are not treated equally under the decision rules operating in the CM since 1958 till now. The reason is that the nucleolus does not coincide with the population ratios, i.e. the corollary 2 is not satisfied. In what follows we investigate the question of whether it were possible to do better and describe the methodology to choose the optimal decision rule.

# 6 The Optimal (Fair) Decision Rules

Corollary 2 suggests that if we would like to equalize the citizens' power under the nucleolus, we need to choose a voting rule which leads to the nucleolus $\nu_j^0$ for the representatives being equal to the countries' population sizes. However, except in some exceptional circumstances, it is not always possible to find a game for which the vector of countries' population sizes coincides with the nucleolus. Our tables provide information on the distance between the first best and the outcome of the choices which were made. These choices may be third best choices and we would like now to report on what could or should have the second best from the perspective of our nucleolus measure of benefit.

Hereafter, we will assume that the objective of the political architect is to design the simple game $(M, \mathcal{W}^0)$ in such a way that the distance between the induced nucleolus calculated at the citizen level and the first best is the smallest possible. The distance which is considered here is the quadratic distance where the units are the citizens instead of the countries. We have chosen to focus on the variance, but the minimization of any other inequality index like the Gini index or a Kolm-Atkinson index as reflecting the desire to meet an egalitarian norm would be very appropriate too. Maaser and Napel (2006) refer to this variance evaluation at the individual level as being the *cumulative individual quadratic deviation*. Beisbart and Bovens (2007) also use the quadratic criterion way to measure departure from perfect equality. While different, our approach follows the direction paved by Barberà and Jackson (2006) who consider instead an *utilitarian* criterion. This approach has been followed by several authors among which Beisbart, Bovens and Hartmann (2005) and Beisbart and Bovens (2007).

Denoting by $\mathcal{S}_m$ the set of all simple games with $m$ players, our combinatorial problem is defined as follows:

$$\underset{(M,\mathcal{W}^0)\in\mathcal{S}_m}{Min} Var\left(NU\left((M, \mathcal{W}^0)\right)\right),$$

where

$$Var\left(NU\left((M, \mathcal{W}^0)\right)\right) = \sum_{i\in M} n_i \left[\frac{1}{n} - \frac{\nu_i^0}{n_i}\right]^2, \tag{5}$$

where $NU\left((M, \mathcal{W}^0)\right) = (\nu_1^0, \nu_2^0, ..., \nu_m^0)$. The term $\frac{\nu_i^0}{n_i}$ indicates how much power (according to the nucleolus) a citizen in country $i$ gets given a specific voting rule. One can notice that (5) can be simplified as

$$Var\left(NU\left((M, \mathcal{W}^0)\right)\right) = \sum_{i\in M} \frac{\left(\nu_i^0\right)^2}{n_i} - \frac{1}{n}. \tag{6}$$

The resolution of our problem would be greatly simplified if we knew the image $Im\left(NU_m\right)$ of the mapping $NU_m$ attaching to any simple game $(M, \mathcal{W}^0) \in \mathcal{S}_m$ the nucleolus of the game. $Im\left(NU_m\right)$ is a finite subset of the $(m-1)-$ dimensional simplex. If $Im\left(NU_m\right)$ was characterized, our problem would be:

$$\begin{array}{l} Min \sum_{i \in M} \frac{(x_i)^2}{n_i} \\ \text{s.t. } x \in Im\,(NU_m) \end{array}. \tag{7}$$

This formulation indicates quite clearly why the second best problem differs from its first analogue where the constraint $x \in Im\,(NU_m)$ is replaced by the relaxed constraint $x \in \left\{ y \in \mathbb{R}^m_+ : \sum_{i=1}^{m} y_i = 1 \right\}$. The first order conditions write:

$$\frac{2\nu_i^0}{n_i} = \lambda \text{ for } i \in M,$$

where $\lambda$ is a Lagrange multiplier. From these conditions, we deduce that

$$\nu_i^0 = \frac{n_i}{n} \text{ for } i \in M,$$

which is as expected the egalitarian first best. Unfortunately, the set(s) has(ve) not been characterized in full generality. This problem, known as an inverse problem as the problem is to characterize which vectors can be obtained as a power vector for an adequate choice of a simple game, has been formulated recently by Alon and Edelman (2010) for the Banzhaf measure and they obtained partial results. We are not aware of any general result on the inverse problem for the nucleolus. This means that we will examine the combinatorial problem in its original formulation. Precisely, we consider as subset of feasible simple games any subset $\mathcal{G}_m$ of the set $\mathcal{S}_m$ of all simple games with a special focus on the set of constant sum simple games. However, any other subset of $\mathcal{S}_m$ like for instance, the set of weighted majority simple games or homogeneous weighted majority games or weighted majority games where the weights are constrained by some symmetry conditions could be considered as well. The procedure for solving (7) can be presented as the sequence of the following steps:

Step 1. For the given number of countries $m$, list all possible games the class $\mathcal{G}_m$;

Step 2. Calculate the nucleolus $\nu^0$ for each game from the list;

Step 3. Find the variance from (6);

Step 4. Choose the game with the minimal variance.

We illustrate the use of our technique for $m = 3$ and 4. Without loss of generality, we assume that $n_1 \geq n_2 \geq ... \geq n_m$.

For 3 countries there are only two possible strong games: the simple majority game which is represented as $[2; 1, 1, 1]$ and the dictatorial game which is represented as $[1; 1, 0, 0]$. Then given (6) the variance for the majority game is:

$$Var_{maj} = \frac{1}{9}\left[\frac{1}{n_1} + \frac{1}{n_2} + \frac{1}{n_3}\right] - \frac{1}{n},$$

and the variance for the dictatorial game is:

$$Var_{dict} = \frac{1}{n_1} - \frac{1}{n}.$$

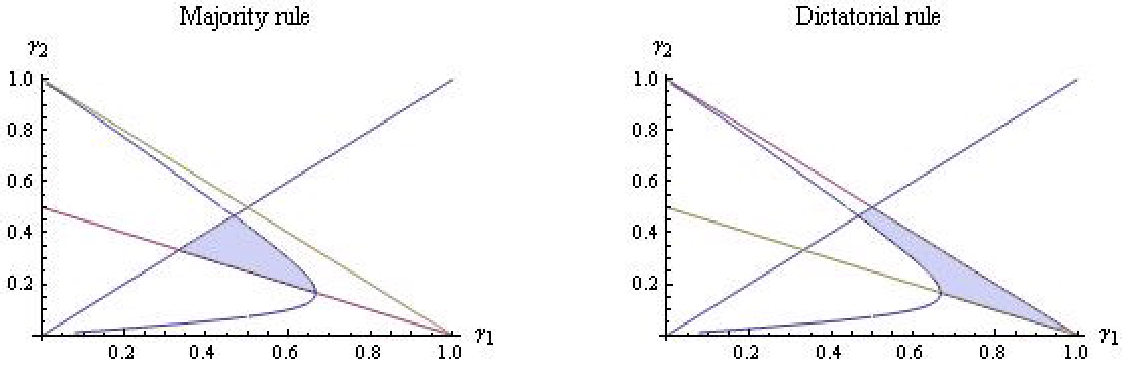


Figure 1: The optimal rule in a class of strong games for $m = 3$.

On the following graphs (figure 1) we show the values of the population shares $\gamma_1$ and $\gamma_2$ for the two biggest countries (where $\gamma_i = \frac{n_i}{n}$ ) for which each of the two games is optimal.

If we drop the restriction of strong, we have an additional game, where there are two vetoers[24] with the representation $[2; 1, 1, 0]$. The variance for such a rule is:

$$Var_{veto} = \frac{1}{4}\left[\frac{1}{n_1} + \frac{1}{n_2}\right] - \frac{1}{n}.$$

On the following figures 2 we again show the values of the two biggest countries' population shares, $\gamma_1$ and $\gamma_2$, for which each of the three games is optimal.

[24]We could also include the unanimity game, but it gives the same variance as the simple majority game.

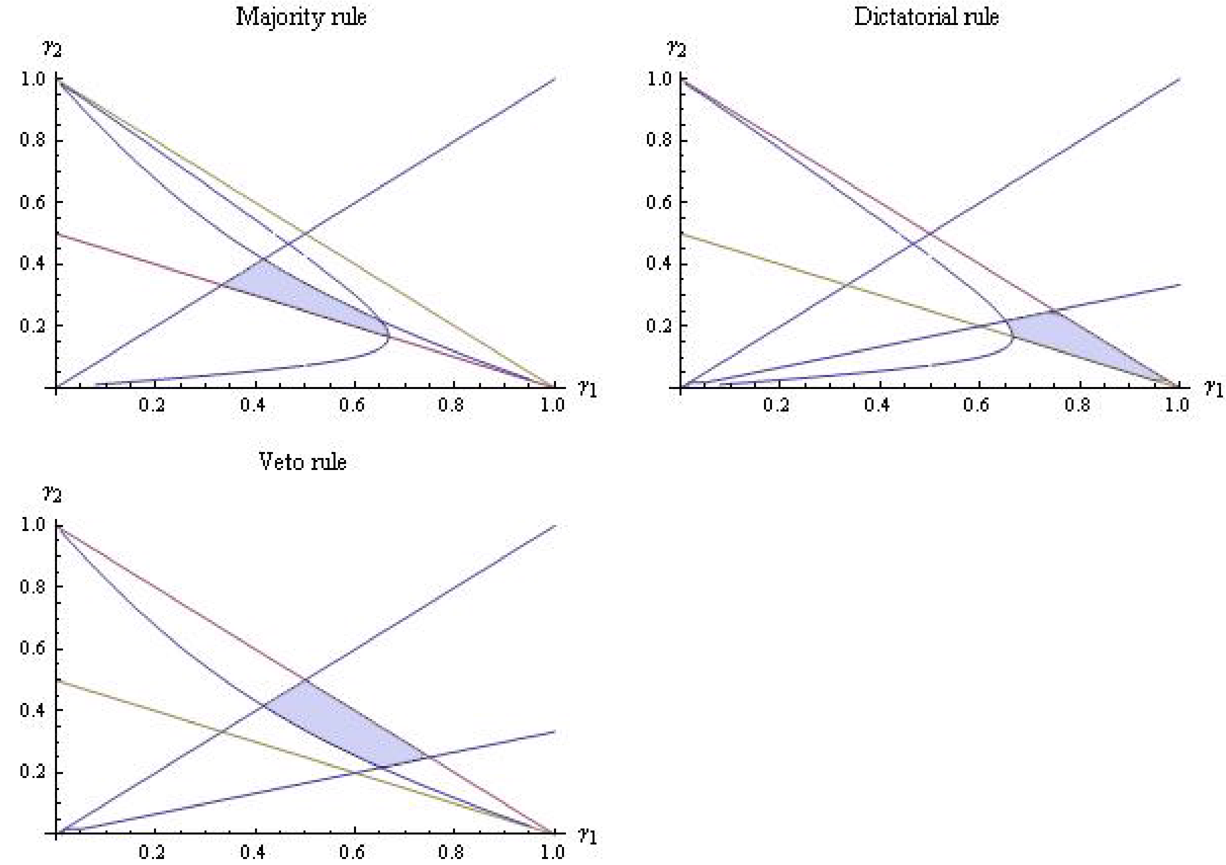


Figure 2: The optimal rule for $m = 3$.

Not surprisingly, the majority rule is optimal when the three countries are not too different in terms of the population ratios, and the dictatorial rule is optimal in the case where there is a relatively big country.

For 4 countries there are only 3 possible games in the class of strong games: $[1; 1, 0, 0, 0]$ (dictatorial rule), $[2; 1, 1, 1, 0]$ (majority rule for three players) and $[3; 2, 1, 1, 1]$ (apex game). As before the variance for the majority game is:

$$Var_{maj} = \frac{1}{9}\left[\frac{1}{n_1} + \frac{1}{n_2} + \frac{1}{n_3}\right] - \frac{1}{n},$$

and the variance for the dictatorial game is:

$$Var_{dict} = \frac{1}{n_1} - \frac{1}{n}.$$

The variance for the apex game is:

$$Var_{apex} = \frac{1}{25}\left[\frac{4}{n_1} + \frac{1}{n_2} + \frac{1}{n_3} + \frac{1}{n_4}\right] - \frac{1}{n}.$$

On the following graph 3 we show the region on $(\gamma_1, \gamma_2, \gamma_3)$- space where the majority rule is optimal. Similarly to the previous case, the majority rule is optimal when the three biggest countries are relatively close in the population size and the fourth country is very small.

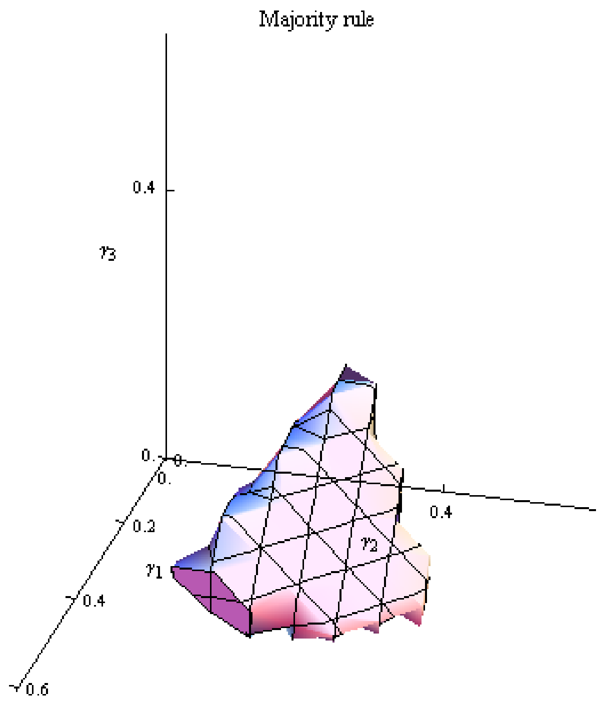


Figure 3: Optimality of the simple majority rule for $m = 4$.

From the results reported in appendix 3, it is clear that we can solve our optimality problem by "brute force" as long as $m \leq 8$ for some specific important classes of simple games, like for instance, strong weighted majority games. For such games, we will (of course) limit ourselves to those where the raking of the weights is congruent to the population sizes. For $m \leq 8$, any weighted majority game admits a unique minimal integral representation which coincides with the least core and therefore the nucleolus. The relationship between representations and nucleolus starts to become intricate when $m \geq 9$. The nucleolus is always a representation but it does not always induce a minimal integral representation even in simple games with a unique such minimal integral representation.

We take advantage of this methodological detour to discuss briefly the issue of representation of weighted majority games which is discussed in more detail in appendices 2 and 3. We know that the notion of weight is meaningless in the measurement of power as what matters is the structure of winning coalitions resulting from the weights. However, in the literature on the design of optimal voting organizations, authors often refer to optimal weights which could be misleading as we could infer that the numerical values of the weights make sense. They raise questions, like for instance: should these weights vary like the population size or the square root of the population size or any other power of the population size? We think that if the design question has to be formulated in terms of representation, then it could be formulated as follows : among all potential minimal integral representations of strong weighted majority simple games, which one should be selected given the considered objective? At the extreme, suppose that the organization has only 3 members whose populations sizes satisfy $n_1 \geq n_2 \geq n_3$. Then the question of allocating voting weights to the countries according the to the values of $n_i$ versus the values of $\sqrt{n_i}$ has little interest. A formulation using canonical minimal integral representations is instead very meaningful and it offers some extra advantages, like for instance, the knowledge of the seats' number (or total weight) necessary to proceed. Of course, when $m$ is large the combinatorial issue becomes out of reach and it may be useful to compare working with the $n_i$ as opposed to the $\sqrt{n_i}$. It is then an empirical matter to determine what we mean by large $m$ to move from the combinatorics to the calculation through simple functions of weights.[25]

Because the class of strong weighted majority games is too large to be analyzed for $m \geq 9$, we also analyze another class of games in which the weights are fixed, so that the only element that varies from game to game is the quota. We then look for the quota that minimizes $nVar$. We fix the weights to coincide with population shares. This seems the most natural choice and it is also the choice made in the Treaty of Lisbon.

We implement the following algorithm.

1. Given the vector of weights $(\omega_1, ..., \omega_n)$, we calculate the total weight $\omega(S)$ associated to each subset $S \subseteq N$. There are $2^n$ such subsets (including the empty set).

2. Order the $\omega(S)$ from lowest to largest. About half of these values are above $\frac{\omega(N)}{2}$ (exactly half if none of the coalitions has $\frac{\omega(N)}{2}$ votes). This gives at most $2^{n-1}$ relevant values for the quota.[26] Any numbers in between two of the values would be equivalent to the higher of the two values and need not be considered.

3. Find the nucleolus for each of the games, calculate $nVar$, and find the quotas that minimize $nVar$.

Note that payoffs achievable in this class are not necessarily achievable in the other class and the reverse. For example, in a game with 4 players and $n_1 \geq n_2 > n_3 \geq n_4$, setting $q = n_1 + n_2$ leads to a nucleolus payoff of $\left(\frac{1}{2}, \frac{1}{2}, 0, 0\right)$, which is not available in the class of strong weighted majority games. On the other hand, with populations $(3, 2, 2, 1)$ the payoff vector $\left(\frac{2}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}\right)$ is available in the class of strong weighted majority games but cannot be achieved if the weights must coincide with the population shares.

In what follows, the nucleolus is computed using Derks and Kuipers' DOS program. The program is available at Jean Derks' homepage (http://www.personeel.unimaas.nl/Jean-Derks/), and the algorithm is explained in Derks and Kuipers (1997); see also Wolsey (1976).

[25] Taking the population values reported in table 5.3.1. of Felsenthal and Machover (1998), we checked that $n_i$ performs better than $\sqrt{n_i}$ in all cases under the assumption of simple majority.

[26] Because several coalitions may have the same total weight, the number of distinct available quotas may be much lower.

## 6.1 The EU Council of Ministers 1958 Revisited

In this final part we apply our technique to find the optimal decision rule for the EU Council of Ministers in 1958 given the number of member states and their population sizes (see Table 10). In the following Table 12 we list all strong weighted majority games as provided by Isbell (1959) with the corresponding values for the nucleolus and for $nVar$.

Table 12: **Strong Weighted Voting Games with 6 Players.**

| | NU | nVar |
|---|---|---|
| $[1,0,0,0,0,0]$ | $(1,0,0,0,0,0)$ | **2.106** |
| $[1,1,1,0,0,0]$ | $(1/3,1/3,1/3,0,0,0)$ | **0.145** |
| $[2,1,1,1,0,0]$ | $(2/5,1/5,1/5,1/5,0,0)$ | **0.391** |
| $[1,1,1,1,1,0]$ | $(1/5,1/5,1/5,1/5,1/5,0)$ | **0.773** |
| $[3,1,1,1,1,0]$ | $(3/7,1/7,1/7,1/7,1/7,0)$ | **0.412** |
| $[2,2,1,1,1,0]$ | $(2/7,2/7,1/7,1/7,1/7,0)$ | **0.305** |
| $[3,2,2,1,1,0]$ | $(1/3,2/9,2/9,1/9,1/9,0)$ | **0.120** |
| $[2,1,1,1,1,1]$ | $(2/7,1/7,1/7,1/7,1/7,1/7)$ | **10.299** |
| $[4,1,1,1,1,1]$ | $(4/9,1/9,1/9,1/9,1/9,1/9)$ | **6.295** |
| $[3,2,1,1,1,1]$ | $(1/3,2/9,1/9,1/9,1/9,1/9)$ | **6.154** |
| $[4,2,2,1,1,1]$ | $(4/11,2/11,2/11,1/11,1/11,1/11)$ | **4.062** |
| $[3,3,2,1,1,1]$ | $(3/11,3/11,2/11,1/11,1/11,1/11)$ | **4.024** |
| $[4,3,3,1,1,1]$ | $(4/13,3/13,3/13,1/13,1/13,1/13)$ | **2.837** |
| $[5,2,2,2,1,1]$ | $(5/13,2/13,2/13,2/13,1/13,1/13)$ | **3.059** |
| $[5,3,3,2,1,1]$ | $(1/3,1/5,1/5,2/15,1/15,1/15)$ | **2.208** |
| $[2,2,2,1,1,1]$ | $(2/9,2/9,2/9,1/9,1/9,1/9)$ | **6.102** |
| $[3,2,2,2,1,1]$ | $(3/11,2/11,2/11,2/11,1/11,1/11)$ | **4.258** |
| $[4,3,2,2,1,1]$ | $(4/13,3/13,2/13,2/13,1/13,1/13)$ | **2.995** |
| $[3,3,2,2,2,1]$ | $(3/13,3/13,2/13,2/13,2/13,1/13)$ | **3.201** |
| $[4,3,3,2,2,1]$ | $(4/15,1/5,1/5,2/15,2/15,1/15)$ | **2.336** |
| $[5,4,3,2,2,1]$ | $(5/17,4/17,3/17,2/17,2/17,1/17)$ | **1.777** |

As one can see from the Table 12, in the class of strong weighted majority games the game $[3,2,2,1,1,0]$ provides the minimal variance with value for $nVar = 0.12$. The actual decision rule for 1958 is not in the list, because it is not a strong game. However, $nVar$ for this game equals to 0.175, and therefore this rule cannot be optimal even if we accept simple games which are not strong.

Two conclusions can be drawn from this exercise are the following. First, Germany got too little weight as compared to France and Italy. Second, the choice to make Luxembourg a dummy was optimal in our context.

If instead we make weights coincide with population shares, the vector of weights would be $(0.322, 0.291, 0.266, 0.066, 0.053, 0.002)$. There are $2^5 = 32$ possible games, but only 9 different values for the nucleolus. Perhaps surprisingly, the optimal voting game in this class has the same nucleolus and thus the same $nVar$ as the optimal voting game in the class of strong majority games.

Table 13: **Possible Values for the Nucleolus in the 1958 Council of Ministers using the Population as Weights.**

| **Quota** | **NU** | **nVar** |
|---|---|---|
| $(0.500, 0.625]$ | $(1/3, 1/3, 1/3, 0, 0, 0)$ | **0.145** |
| $(0.625, 0.643]$ | $(1/3, 2/9, 2/9, 1/9, 1/9, 0)$ | **0.120** |
| $(0.643, 0.656]$ | $(1/3, 1/4, 1/6, 1/6, 1/12, 0)$ | **0.216** |
| $(0.656, 0.668]$ | $(2/7, 2/7, 1/7, 1/7, 1/7, 0)$ | **0.305** |
| $(0.668, 0.678]$ | $(1/4, 1/4, 1/4, 1/4, 0, 0)$ | **0.591** |
| $(0.678, 0.709]$ | $(1, 0, 0, 0, 0, 0)$ | **2.106** |
| $(0.709, 0.734]$ | $(0.5, 0.5, 0, 0, 0, 0)$ | **0.636** |
| $(0.734, 0.934]$ | $(1/3, 1/3, 1/3, 0, 0, 0)$ | **0.145** |
| $(0.934, 0.947]$ | $(1/4, 1/4, 1/4, 1/4, 0, 0)$ | **0.591** |
| $(0.947, 0.998]$ | $(1/5, 1/5, 1/5, 1/5, 1/5, 0)$ | **0.773** |
| $(0.998, 1]$ | $(1/6, 1/6, 1/6, 1/6, 1/6, 1/6)$ | **14.120** |

## 6.2 The EU Council of Ministers 1973 Revisited

The 1973 Council of Ministers has nine states. As can be seen in table 17, there are 175428 strong weighted majority games with $n = 9$.

If we assume that weights coincide with population shares, we find 201 possible games and 33 different values for the nucleolus. The optimal value of the quota is in the interval $(0.554, 0.563]$, leading to payoff vector $\left(\frac{4}{15}, \frac{3}{15}, \frac{3}{15}, \frac{3}{15}, \frac{1}{15}, \frac{1}{15}, 0, 0, 0\right)$ and $nVar = 0.064$. As in the 1958 case, the nucleolus of the optimal game treats Germany differently from the other large countries, and the other large countries are treated symmetrically[27]. Also, some of the states receive 0 in the nucleolus of the optimal game[28].

[27] If we order the possible values of the nucleolus by decreasing nVar, the first few values also have the property that Germany gets more than the next largest country.

[28] Unlike in the 1958 case, there are no dummy players in the optimal game. Note that there are values of the quota for which each of the nine countries gets a different payoff. It is almost inevitable for Luxembourg to get 0 (the only exception is when unanimity is required), but there are quota values for which the other small countries would get a positive payoff.

Table 14: **Possible Values for the Nucleolus in the 1973 Council of Ministers using the Population as Weights.**

| **Quota** | **NU** | **nVar** |
|---|---|---|
| $[0.500, 0.503]$ | $(\frac{9}{39}, \frac{7}{39}, \frac{7}{39}, \frac{6}{39}, \frac{4}{39}, \frac{3}{39}, \frac{2}{39}, \frac{1}{39}, 0)$ | **0.186** |
| $(0.503, 0.505]$ | $\left(\frac{6}{27}, \frac{5}{27}, \frac{5}{27}, \frac{4}{27}, \frac{3}{27}, \frac{2}{27}, \frac{1}{27}, \frac{1}{27}, 0\right)$ | **0.198** |
| $(0.505, 0.508]$ | $\left(\frac{9}{38}, \frac{7}{38}, \frac{7}{38}, \frac{6}{38}, \frac{4}{38}, \frac{3}{38}, \frac{1}{38}, \frac{1}{38}, 0\right)$ | **0.140** |
| $(0.508, 0.510]$ | $\left(\frac{23}{95}, \frac{18}{95}, \frac{17}{95}, \frac{15}{95}, \frac{10}{95}, \frac{7}{95}, \frac{3}{95}, \frac{2}{95}, 0\right)$ | **0.125** |
| $(0.510, 0.511]$ | $\left(\frac{12}{51}, \frac{10}{51}, \frac{9}{51}, \frac{8}{51}, \frac{5}{51}, \frac{4}{51}, \frac{2}{51}, \frac{1}{51}, 0\right)$ | **0.132** |
| $(0.511, 0.512]$ | $\left(\frac{16}{68}, \frac{13}{68}, \frac{12}{68}, \frac{11}{68}, \frac{7}{68}, \frac{5}{68}, \frac{3}{68}, \frac{1}{68}, 0\right)$ | **0.137** |
| $(0.512, 0.513]$ | $\left(\frac{8}{32}, \frac{6}{32}, \frac{6}{32}, \frac{5}{32}, \frac{3}{32}, \frac{2}{32}, \frac{1}{32}, \frac{1}{32}, 0\right)$ | **0.109** |
| $(0.513, 0.515]$ | $\left(\frac{10}{43}, \frac{8}{43}, \frac{8}{43}, \frac{7}{43}, \frac{4}{43}, \frac{3}{43}, \frac{2}{43}, \frac{1}{43}, 0\right)$ | **0.128** |
| $(0.515, 0.516]$ | $\left(\frac{6}{26}, \frac{5}{26}, \frac{5}{26}, \frac{4}{26}, \frac{3}{26}, \frac{2}{26}, \frac{1}{26}, 0, 0\right)$ | **0.169** |
| $(0.516, 0.518]$ | $\left(\frac{3}{11}, \frac{2}{11}, \frac{2}{11}, \frac{2}{11}, \frac{1}{11}, \frac{1}{11}, 0, 0, 0\right)$ | **0.153** |
| $(0.518, 0.524]$ | $\left(\frac{7}{31}, \frac{6}{31}, \frac{6}{31}, \frac{5}{31}, \frac{3}{31}, \frac{2}{31}, \frac{1}{31}, \frac{1}{31}, 0\right)$ | **0.117** |
| $(0.524, 0.525]$ | $\left(\frac{5}{20}, \frac{4}{20}, \frac{4}{20}, \frac{3}{20}, \frac{2}{20}, \frac{1}{20}, \frac{1}{20}, 0\right)$ | **0.129** |
| $(0.525, 0.526]$ | $\left(\frac{11}{47}, \frac{9}{47}, \frac{9}{47}, \frac{8}{47}, \frac{4}{47}, \frac{3}{47}, \frac{2}{47}, \frac{1}{47}, 0\right)$ | **0.088** |
| $(0.526, 0.527]$ | $\left(\frac{4}{18}, \frac{4}{18}, \frac{3}{18}, \frac{3}{18}, \frac{2}{18}, \frac{1}{18}, \frac{1}{18}, 0, 0\right)$ | **0.178** |
| $(0.527, 0.528]$ | $\left(\frac{17}{72}, \frac{15}{72}, \frac{13}{72}, \frac{12}{72}, \frac{7}{72}, \frac{4}{72}, \frac{3}{72}, \frac{1}{72}, 0\right)$ | **0.089** |
| $(0.528, 0.529]$ | $\left(\frac{8}{34}, \frac{7}{34}, \frac{6}{34}, \frac{6}{34}, \frac{3}{34}, \frac{2}{34}, \frac{1}{34}, \frac{1}{34}, 0\right)$ | **0.081** |
| $(0.529, 0.530]$ | $\left(\frac{6}{25}, \frac{5}{25}, \frac{5}{25}, \frac{4}{25}, \frac{2}{25}, \frac{2}{25}, \frac{1}{25}, 0, 0\right)$ | **0.110** |
| $(0.530, 0.544]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, 0, 0, 0, 0\right)$ | **0.502** |
| $(0.544, 0.554]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{10}, \frac{1}{10}, 0, 0, 0\right)$ | **0.188** |
| $(0.554, 0.563]$ | $\left(\frac{4}{15}, \frac{3}{15}, \frac{3}{15}, \frac{3}{15}, \frac{1}{15}, \frac{1}{15}, 0, 0, 0\right)$ | **0.064** |
| $(0.563, 0.567]$ | $\left(\frac{5}{20}, \frac{4}{20}, \frac{4}{20}, \frac{4}{20}, \frac{1}{20}, \frac{1}{20}, \frac{1}{20}, 0, 0\right)$ | **0.071** |
| $(0.567, 0.578]$ | $\left(\frac{1}{3}, \frac{1}{3}, \frac{1}{3}, 0, 0, 0, 0, 0, 0\right)$ | **0.488** |
| $(0.578, 0.582]$ | $\left(\frac{1}{3}, \frac{1}{3}, \frac{1}{6}, \frac{1}{6}, 0, 0, 0, 0, 0\right)$ | **0.235** |
| $(0.582, 0.733]$ | $\left(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{4}, 0, 0, 0, 0, 0\right)$ | **0.145** |
| $(0.733, 0.738]$ | $\left(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{8}, \frac{1}{8}, 0, 0, 0, 0\right)$ | **0.214** |
| $(0.738, 0.739]$ | $\left(\frac{6}{24}, \frac{5}{24}, \frac{5}{24}, \frac{3}{24}, \frac{3}{24}, \frac{1}{24}, \frac{1}{24}, 0, 0\right)$ | **0.175** |
| $(0.739, 0.743]$ | $\left(\frac{5}{20}, \frac{4}{20}, \frac{4}{20}, \frac{3}{20}, \frac{2}{20}, \frac{1}{20}, \frac{1}{20}, 0, 0\right)$ | **0.129** |
| $(0.743, 0.744]$ | $\left(\frac{7}{28}, \frac{6}{28}, \frac{5}{28}, \frac{4}{28}, \frac{3}{28}, \frac{2}{28}, \frac{1}{28}, 0, 0\right)$ | **0.141** |
| $(0.744, 0.757]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, 0, 0, 0, 0\right)$ | **0.502** |
| $(0.757, 0.781]$ | $(1, 0, 0, 0, 0, 0, 0, 0, 0)$ | **3.132** |
| $(0.781, 0.785]$ | $\left(\frac{1}{2}, \frac{1}{2}, 0, 0, 0, 0, 0, 0, 0\right)$ | **1.180** |
| $(0.785, 0.796]$ | $\left(\frac{1}{3}, \frac{1}{3}, \frac{1}{3}, 0, 0, 0, 0, 0, 0\right)$ | **0.488** |
| $(0.796, 0.947]$ | $\left(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{4}, 0, 0, 0, 0, 0\right)$ | **0.145** |
| $(0.947, 0.961]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, 0, 0, 0, 0\right)$ | **0.502** |
| $(0.961, 0.980]$ | $\left(\frac{1}{6}, \frac{1}{6}, \frac{1}{6}, \frac{1}{6}, \frac{1}{6}, \frac{1}{6}, 0, 0, 0\right)$ | **0.774** |
| $(0.980, 0.987]$ | $\left(\frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, 0, 0\right)$ | **1.377** |
| $(0.987, 0.988]$ | $\left(\frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, 0\right)$ | **2.122** |
| $(0.988, 0.999]$ | $\left(\frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}\right)$ | **13.813** |

## 6.3 The EU Council of Ministers 1981 Revisited

In principle there could be up to $2^9 = 512$ possible games, but given the population shares $w = (0.228, 0.209, 0.205, 0.200, 0.053, 0.036, 0.036, 0.019, 0.013, 0.001)$ there is a substantial duplication of values for $w(S)$.[29] It turns out that two countries have the same (rounded) population shares ($\omega_6 = \omega_7$). Moreover, there are groups of countries with the same total weight (e.g., $\omega_1 = \omega_2 + \omega_8$, $\omega_1 + \omega_9 = \omega_3 + \omega_6$, $\omega_5 + \omega_8 = \omega_6 + \omega_7$, $\omega_4 + \omega_8 = \omega_3 + \omega_9 + \omega_{10}$). Because of this, there are only 239 different games, which correspond to 30 different values of the nucleolus. The optimal value of the quota is in the interval $(0.573, 0.577]$, leading to payoff vector $\left(\frac{6}{25}, \frac{5}{25}, \frac{5}{25}, \frac{5}{25}, \frac{1}{25}, \frac{1}{25}, \frac{1}{25}, \frac{1}{25}, 0, 0\right)$ and $nVar = 0.042$. As before, it turns out that the nucleolus of the optimal game gives Germany a larger payoff, whereas the other three large countries are treated symmetrically.[30]

[29] This duplication is due to the rounding of population shares. We have rounded the population shares to three decimal places and then worked with the rounded weights. If instead we take the population values reported by Felsenthal and Machover (which are also rounded, but less so) and calculate $\omega(S)$ for all coalitions, it turns out that all 1024 values are distinct. On the other hand, with weights rounded to three decimal places there cannot be more than 1000 distinct values, and in fact there are only 479 distinct values.

[30] It is also the case that if we order the possible values of the nucleolus by decreasing nVar, the first few values also have the property that Germany gets more than the next largest country.

Table 15: **Possible Values for the Nucleolus in the 1981 Council of Ministers using the Population as Weights.**

| Quota | NU | nVar |
|---|---|---|
| $[0.500, 0.501]$ | $(\frac{23}{107}, \frac{19}{107}, \frac{18}{107}, \frac{17}{107}, \frac{10}{107}, \frac{7}{107}, \frac{7}{107}, \frac{4}{107}, \frac{2}{107}, 0)$ | **0.121** |
| $(0.501, 0.502]$ | $\left(\frac{7}{33}, \frac{6}{33}, \frac{6}{33}, \frac{5}{33}, \frac{3}{33}, \frac{2}{33}, \frac{2}{33}, \frac{1}{33}, \frac{1}{33}, 0\right)$ | **0.111** |
| $(0.502, 0.507]$ | $\left(\frac{6}{29}, \frac{5}{29}, \frac{5}{29}, \frac{5}{29}, \frac{3}{29}, \frac{2}{29}, \frac{2}{29}, \frac{1}{29}, 0, 0\right)$ | **0.152** |
| $(0.507, 0.509]$ | $\left(\frac{10}{48}, \frac{9}{48}, \frac{8}{48}, \frac{8}{48}, \frac{4}{48}, \frac{3}{48}, \frac{3}{48}, \frac{2}{48}, \frac{1}{48}, 0\right)$ | **0.106** |
| $(0.509, 0.511]$ | $\left(\frac{7}{34}, \frac{6}{34}, \frac{6}{34}, \frac{6}{34}, \frac{3}{34}, \frac{2}{34}, \frac{2}{34}, \frac{1}{34}, \frac{1}{34}, 0\right)$ | **0.094** |
| $(0.511, 0.516]$ | $\left(\frac{7}{32}, \frac{6}{32}, \frac{6}{32}, \frac{5}{32}, \frac{3}{32}, \frac{2}{32}, \frac{2}{32}, \frac{1}{32}, 0, 0\right)$ | **0.106** |
| $(0.516, 0.519]$ | $\left(\frac{12}{54}, \frac{10}{54}, \frac{10}{54}, \frac{9}{54}, \frac{4}{54}, \frac{3}{54}, \frac{3}{54}, \frac{2}{54}, \frac{1}{54}, 0\right)$ | **0.060** |
| $(0.519, 0.522]$ | $\left(\frac{8}{37}, \frac{7}{37}, \frac{7}{37}, \frac{6}{37}, \frac{3}{37}, \frac{2}{37}, \frac{2}{37}, \frac{1}{37}, \frac{1}{37}, 0\right)$ | **0.063** |
| $(0.522, 0.524]$ | $\left(\frac{7}{33}, \frac{6}{33}, \frac{6}{33}, \frac{6}{33}, \frac{3}{33}, \frac{2}{33}, \frac{2}{33}, \frac{1}{33}, 0, 0\right)$ | **0.090** |
| $(0.524, 0.528]$ | $\left(\frac{11}{51}, \frac{10}{51}, \frac{9}{51}, \frac{9}{51}, \frac{4}{51}, \frac{3}{51}, \frac{3}{51}, \frac{1}{51}, \frac{1}{51}, 0\right)$ | **0.054** |
| $(0.528, 0.530]$ | $\left(\frac{8}{38}, \frac{7}{38}, \frac{7}{38}, \frac{7}{38}, \frac{3}{38}, \frac{2}{38}, \frac{2}{38}, \frac{1}{38}, \frac{1}{38}, 0\right)$ | **0.053** |
| $(0.530, 0.534]$ | $\left(\frac{8}{36}, \frac{7}{36}, \frac{7}{36}, \frac{6}{36}, \frac{3}{36}, \frac{2}{36}, \frac{2}{36}, \frac{1}{36}, 0, 0\right)$ | **0.064** |
| $(0.534, 0.537]$ | $\left(\frac{4}{16}, \frac{3}{16}, \frac{3}{16}, \frac{3}{16}, \frac{1}{16}, \frac{1}{16}, \frac{1}{16}, 0, 0, 0\right)$ | **0.080** |
| $(0.537, 0.541]$ | $\left(\frac{7}{32}, \frac{6}{32}, \frac{6}{32}, \frac{6}{32}, \frac{2}{32}, \frac{2}{32}, \frac{2}{32}, \frac{1}{32}, 0, 0\right)$ | **0.067** |
| $(0.541, 0.543]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, 0, 0, 0, 0, 0\right)$ | **0.517** |
| $(0.543, 0.562]$ | $\left(\frac{3}{15}, \frac{3}{15}, \frac{3}{15}, \frac{3}{15}, \frac{1}{15}, \frac{1}{15}, \frac{1}{15}, 0, 0, 0\right)$ | **0.093** |
| $(0.562, 0.573]$ | $\left(\frac{5}{20}, \frac{4}{20}, \frac{4}{20}, \frac{4}{20}, \frac{1}{20}, \frac{1}{20}, \frac{1}{20}, 0, 0, 0\right)$ | **0.047** |
| $(0.573, 0.577]$ | $\left(\frac{6}{25}, \frac{5}{25}, \frac{5}{25}, \frac{5}{25}, \frac{1}{25}, \frac{1}{25}, \frac{1}{25}, \frac{1}{25}, 0, 0\right)$ | **0.042** |
| $(0.577, 0.585]$ | $\left(\frac{7}{30}, \frac{6}{30}, \frac{6}{30}, \frac{6}{30}, \frac{1}{30}, \frac{1}{30}, \frac{1}{30}, \frac{1}{30}, \frac{1}{30}, 0\right)$ | **0.052** |
| $(0.585, 0.590]$ | $\left(\frac{1}{3}, \frac{1}{3}, \frac{1}{3}, 0, 0, 0, 0, 0, 0, 0\right)$ | **0.561** |
| $(0.590, 0.594]$ | $\left(\frac{2}{6}, \frac{2}{6}, \frac{1}{6}, \frac{1}{6}, 0, 0, 0, 0, 0, 0\right)$ | **0.293** |
| $(0.594, 0.614]$ | $\left(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{4}, 0, 0, 0, 0, 0, 0\right)$ | **0.191** |
| $(0.614, 0.737]$ | $\left(\frac{4}{16}, \frac{3}{16}, \frac{3}{16}, \frac{3}{16}, \frac{1}{16}, \frac{1}{16}, \frac{1}{16}, 0, 0, 0\right)$ | **0.080** |
| $(0.737, 0.744]$ | $\left(\frac{17}{76}, \frac{15}{76}, \frac{14}{76}, \frac{12}{76}, \frac{7}{76}, \frac{4}{76}, \frac{4}{76}, \frac{2}{76}, \frac{1}{76}, 0\right)$ | **0.060** |
| $(0.744, 0.746]$ | $\left(\frac{16}{72}, \frac{14}{72}, \frac{13}{72}, \frac{12}{72}, \frac{6}{72}, \frac{4}{72}, \frac{4}{72}, \frac{2}{72}, \frac{1}{72}, 0\right)$ | **0.053** |
| $(0.746, 0.747]$ | $\left(\frac{8}{37}, \frac{7}{37}, \frac{7}{37}, \frac{6}{37}, \frac{3}{37}, \frac{2}{37}, \frac{2}{37}, \frac{1}{37}, \frac{1}{37}, 0\right)$ | **0.063** |
| $(0.747, 0.750]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, 0, 0, 0, 0, 0\right)$ | **0.517** |
| $(0.750, 0.767]$ | $\left(\frac{3}{15}, \frac{3}{15}, \frac{3}{15}, \frac{3}{15}, \frac{1}{15}, \frac{1}{15}, \frac{1}{15}, 0, 0, 0\right)$ | **0.093** |
| $(0.767, 0.775]$ | $(1, 0, 0, 0, 0, 0, 0, 0, 0, 0)$ | **3.386** |
| $(0.775, 0.794]$ | $(\frac{1}{2}, \frac{1}{2}, 0, 0, 0, 0, 0, 0, 0, 0)$ | **1.293** |
| $(0.794, 0.799]$ | $(\frac{1}{3}, \frac{1}{3}, \frac{1}{3}, 0, 0, 0, 0, 0, 0, 0)$ | **0.561** |
| $(0.799, 0.842]$ | $(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{4}, 0, 0, 0, 0, 0, 0)$ | **0.191** |
| $(0.842, 0.950]$ | $\left(\frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, \frac{1}{5}, 0, 0, 0, 0, 0\right)$ | **0.517** |
| $(0.950, 0.967]$ | $\left(\frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, \frac{1}{7}, 0, 0, 0\right)$ | **0.908** |
| $(0.967, 0.986]$ | $\left(\frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, \frac{1}{8}, 0, 0\right)$ | **1.283** |
| $(0.986, 0.999]$ | $\left(\frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, \frac{1}{9}, 0\right)$ | **1.753** |
| $(0.999, 1]$ | $\left(\frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}, \frac{1}{10}\right)$ | **11.230** |

The optimal values for the nucleolus are summarized in table 16.

Table 16: **Optimal values for the nucleolus if weights must coincide with population shares.**

| **Country** | **1958** | | **1973** | | **1981** | |
|---|---|---|---|---|---|---|
| | $\frac{n_j}{n}$ | **NU** | $\frac{n_j}{n}$ | **NU** | $\frac{n_j}{n}$ | **NU** |
| **France** | 0.266 | **0.222** | 0.203 | **0.2** | 0.200 | **0.2** |
| **Germany** | 0.322 | **0.333** | 0.242 | **0.267** | 0.228 | **0.24** |
| **Italy** | 0.291 | **0.222** | 0.214 | **0.2** | 0.209 | **0.2** |
| **Belgium** | 0.053 | **0.111** | 0.038 | **0.067** | 0.036 | **0.04** |
| **Netherlands** | 0.066 | **0.111** | 0.052 | **0.067** | 0.053 | **0.04** |
| **Luxembourg** | 0.002 | **0** | 0.001 | **0** | 0.001 | **0** |
| **UK** | – | – | 0.218 | **0.2** | 0.205 | **0.2** |
| **Denmark** | – | – | 0.019 | **0** | 0.019 | **0.04** |
| **Ireland** | – | – | 0.012 | **0** | 0.013 | **0** |
| **Greece** | – | – | – | – | 0.036 | **0.04** |

Using the Gini coefficient instead of $nVar$ as a measure of inequality would give very similar results[31]. The optimal value for the nucleolus in 1958 and 1981 is not affected. For 1973, the two nucleolus values with the lowest $nVar$ also have the lowest Gini coefficient, but the order is reversed. The payoff vector that minimizes the Gini index gives a positive payoff of 0.05 to Denmark at the expense of Germany, Belgium and the Netherlands (whose payoffs are reduced to 0.25 for Germany and 0.05 for Belgium and the Netherlands). All other payoffs are unchanged.

One may also ask whether, taking the actual weights as given, the choice of the quota was optimal. It turns out that the quota of 41 could not be improved for the 1973 Council given the actual weights $(10, 10, 10, 10, 5, 5, 3, 3, 2)$, but there could have been improvements in the other two Councils. For the 1958 Council of Ministers, if weights are fixed at their actual values $(4, 4, 4, 2, 2, 1)$, the quota of 12 yields a nucleolus of $(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{8}, \frac{1}{8}, 0)$. The payoff vector $(\frac{1}{3}, \frac{1}{3}, \frac{1}{3}, 0, 0, 0)$ has a lower value for $nVar$, and it is the nucleolus of the game for a quota of 10, 14 or 15. Neither was the quota of 45 optimal for the 1981 Council of Ministers given the actual weights $(10, 10, 10, 10, 5, 5, 5, 3, 3, 2)$: it yields a nucleolus of $\left(\frac{1}{4}, \frac{1}{4}, \frac{1}{4}, \frac{1}{4}, 0, 0, 0, 0, 0, 0\right)$, but a quota of 46 yields $\left(\frac{5}{28}, \frac{5}{28}, \frac{5}{28}, \frac{5}{28}, \frac{2}{28}, \frac{2}{28}, \frac{2}{28}, \frac{1}{28}, \frac{1}{28}, 0\right)$, which corresponds to a lower value of $nVar$.

[31] An ideal robustness test would involve the calculation of the the Lorenz curve (Van Puyenbroeck (2008)) attached to each simple game. The pointwise comparison of these curves produces a partial ordering of the simple games which does not depend upon the specific details of the disproportionality index which is used (Monroe (1994)).

# 7 Conclusion

In this paper, we have developed a methodology to evaluate and design voting organizations in order to minimize the distance to an egalitarian sharing of a surplus when the process of division across the countries which are members of the organization is described by the nucleolus of the simple game. We have explained why the vector corresponding to the nucleolus can be viewed as a vector measuring the power of each member of the organization when the policy issue has the characteristics of distributive politics.

In the first part of the paper, we have reported our computation results concerning the nucleolus and the Baron-Ferejohn measure of power for the organizations describing the five consecutive stages of the EU. For the 1958, 1986 and 1995 cases we reach a similar conclusion to studies that use the Banzhaf index: smaller countries tend to have a disproportionately high power. For 1973 and 1981 we reach the opposite conclusion: it is the larger countries that are favored. We have also formulated the design issue and alluded to the difficulties attached to the resulting combinatorial problems. For the sake of illustration, we have shown our optimization at work in the class of strong weighted majority games in the case of the EU in 1958. Among the lessons of this exercise, we were able to confirm that making Luxembourg a dummy was appropriate but that Germany was mistreated. This conclusion is not affected if we consider the class of games in which weights coincide with population shares. Since this latter class is smaller than the class of strong weighted majority games, we were able to perform the optimization exercise for 1973 and 1981 as well. In both cases it turns out that the optimal game assigns Germany the largest payoff, the three other large countries get the same payoff, and some other smaller countries get 0. The same qualitative results are achieved if the Gini coefficient is used instead of the variance.

# 8 Appendix

## 8.1 Appendix 1 : Cooperative Games[32], Least Core and Nucleolus

A cooperative game with transferable utility (TU) is a pair $(N, V)$ where $N = \{1, \ldots, n\}$ with $n \geq 2$ is a finite set of players and $V$ is a function that associates a real number $V(S)$ to each subset $S$ of $N$. It is assumed that $V(\varnothing) = 0$. It is constant-sum if $V(S)+V(N \backslash S) = V(N)$. It is monotonic if : $S \subseteq T \subseteq N \Rightarrow V(S) \leq V(T)$. It is superadditive if $V(S \cup T) \geq V(S)+V(T)$ for all $S, T \subseteq N$ such that $S \cap T = \varnothing$. A player $i \in N$ is a null-player (dummy) of $(N, V)$ if $V(S \cup \{i\}) = V(S)$ $(V(S \cup \{i\}) = V(S) + V\{i\})$. Hereafter, we denote by $X_{PO} \equiv \{y \in \mathbb{R}^n \mid \sum_{i=1}^n y^i = V(N)\}$ the set of (pre)imputations (or Pareto optimal imputations) and by $X_{IR} \equiv \{y \in \mathbb{R}^n \mid \sum_{i=1}^n y^i = V(N),\ y^j \geq V(\{j\}) \forall j \in N\}$ the set of imputations i.e. the set of individually rational preimputations. A player $k \in N$ is at least as *desirable* as a player $l \in N$, denoted $k \succeq l$ if $V(S \cup \{k\}) \geq V(S \cup \{l\})$ for all $S \subseteq N \backslash \{k, l\}$. The *desirability relation* $\succeq$ is reflexive and transitive. If $\succeq$ is complete, the game is called a *complete* game.

[32]See Owen (1995) and Peleg and Sudhölter (2003).

According to Krohn and Sudhölter (1995), a *directed game* is a complete game such that[33] $1 \succeq 2 \succeq ... \succeq n$.

Let $X$ be a compact and convex subset of $\mathbb{R}^n$ and let $x \in X$. We denote by $\theta(x)$ the $2^n$-dimensional vector[34] whose components are the numbers $e(S, x) \equiv V(S) - \sum_{i \in S} x^i$ for $\emptyset \subseteq S \subseteq N$ arranged according to their magnitude, i.e., $\theta^i(x) \geq \theta^j(x)$ for $1 \leq i \leq j \leq 2^n$. The *nucleolus* of $(N, V)$ with respect to $X$ is the unique[35] vector $x^* = N_u(N, V) \in X$ such that $\theta(x^*)$ is minimal, in the sense of the lexicographic order, of the sets $\{\theta(y) \mid y \in X\}$. The nucleolus of $(N, V)$ with respect to $X_{IR}$ will be called hereafter the nucleolus; it is the nucleolus as originally defined by Schmeidler (1969)[36]. We denote also by $\psi(x)$ the $2^{2n}$-dimensional vector whose components are the numbers $e(S, x) - e(T, x)$ for $\emptyset \subseteq S, T \subseteq N$ arranged according to their magnitude, i.e., $\psi^i(x) \geq \psi^j(x)$ for $1 \leq i \leq j \leq 2^{2n}$. The *modiclus* is the unique[37] vector $x^{**} \in X_{PO}$ such that $\psi(x^*)$ is minimal, in the sense of the lexicographic order, of the sets $\{\psi(y) \mid y \in X_{PO}\}$.

Given a real number $\epsilon$, the $\epsilon - core$ of $(N, V)$ is the set

$$C_\epsilon \equiv \{x \in X_{PO} : e(S, x) \leq \epsilon \text{ for all } \varnothing \subsetneqq S \subsetneqq N\}.$$

The *least core of* $(N, V)$ denoted $LC(V, N)$[38] is the intersection of all nonempty $\epsilon$-cores of $(N, V)$. If $(N, V)$ is superadditive, then $LC(V, N) \subseteq X_{IR}$. In such case, $LC(V, N)$ consists of the vectors $x$ such that $\theta_1(x) = \theta_1(x^*)$. Note that then, $x^* \in LC(V, N)$.

## 8.2 Appendix 2 : Simple Games[39]

A *simple game* is a pair $(N, \mathcal{W})$ where $N = \{1, \ldots, n\}$ with $n \geq 2$ is a finite set of players and $\mathcal{W}$ is a set of subsets of $N$ satisfying : $N \in \mathcal{W}$, $\varnothing \notin \mathcal{W}$ and ($S \subseteq T \subseteq N$ and $S \in \mathcal{W}$) $\Rightarrow$ $T \in \mathcal{W}$. The collection $\mathcal{W}$ of coalitions is the set of *winning coalitions*. The simple game $(N, \mathcal{W})$ is *proper* if $S \in \mathcal{W} \Rightarrow N \backslash S \notin \mathcal{W}$. It is *strong* if $S \in \mathcal{W}$ or (and) $N \backslash S \in \mathcal{W}$. It is *constant sum* (self-dual or decisive) if it is proper and strong[40]. Hereafter, we will attach to any simple $(N, \mathcal{W})$ the monotonic TU cooperative game $(N, V)$ where:

$$V(S) = \begin{cases} 1 \text{ if } S \in W \\ 0 \text{ otherwise} \end{cases}.$$

[33] A directed game is the element of the equivalence (with respect to permutations of players) class of complete games where the desirability relation is congruent to the natural order.

[34] This vector is called the vector of excesses attached to $x$.

[35] For a proof of uniqueness, see Peleg and Sudhölter (2003).

[36] In contrast, the *prenucleolus* is the nucleolus with respect to $X \equiv \left\{y \in \mathbb{R}^n \mid \sum_{i=1}^n y^i = V(N)\right\}$. If the cooperative game is zero-monotonic, i.e., if $V(S \cup \{i\}) - V(S) \geq V(\{i\})$ for all $i \in N$ and $S \subseteq N \setminus \{i\}$, the difference between the prenucleolus and the nucleolus vanishes. A simple game is always zero-monotonic unless $\{i\}, S \in \mathcal{W}$ for some $i \in N$ and $S \subseteq N \setminus \{i\}$.

[37] The modiclus has been introduced and studied by Sudhölter (1996, 1997). For a proof of uniqueness, we refer to his original papers or Peleg and Sudhölter (2003).

[38] The notion of least core was first introduced by Maschler, Peleg and Shapley (1979). Each payoff vector of the least core of a zero-monotonic game is individually rational.

[39] See Von Neumann and Morgenstern (1944), Shapley (1962) and Taylor and Zwicker (1999).

[40] Some authors use the term strong for constant sum.

Note that $(N,V)$ is superadditive iff $(N,\mathcal{W})$ is proper and that $(N,V)$ is constant-sum iff $(N,\mathcal{W})$ is decisive. A simple game $(N,\mathcal{W})$ is a *weighted majority game* if there exists a vector $\omega=(\omega_1,\ldots,\omega_n;q)$ of $(n+1)$ nonnegative real numbers such that a coalition $S$ is in $\mathcal{W}$ iff $\sum_{i\in S}\omega_i\geq q$; $q$ is referred to as the quota and $\omega^i$ is the weight of player $i\in N$. The vector $\omega$ is called a *representation* of the simple game $(N,\mathcal{W})$. It is important to note that the same game may admit several representations. A simple game is *homogeneous* if there exists a representation $\omega$ such that $\sum_{i\in S}\omega_i=\sum_{i\in T}\omega_i$ for all $S,T\in\mathcal{W}_m$ where $\mathcal{W}_m$ denotes the set of minimal winning coalitions. Such a representation when it exists is referred to as a *homogeneous representation.* We note that if $\omega_i\geq\omega_j$, then player $i$ is at least as desirable as a player $j$. Finally, we say that a representation is *symmetric*[41] if $\omega_i=\omega_j$ whenever $i\sim j$.

The dual of $(N,\mathcal{W})$ is the simple game $(N,\mathcal{B})$ where $S\in\mathcal{B}$ if and only if $N\backslash S\notin\mathcal{W}$. The collection $\mathcal{B}$ of coalitions is the set of *blocking coalitions.*

## 8.3 Appendix 3: Representation and Enumeration of Simple Games

A representation of a weighted majority game $(N,\mathcal{W})$ is an *integral representation* if $\omega^i\in\mathbb{N}\cup\{0\}$ for all $i\in N$. Note that, without loss of generality, the quota $q$ can be chosen to be $\underset{S\in\mathcal{W}_m}{Min}\,\omega(S)$. An integral representation $\omega$ is *minimal* if there does not exist any integral representation $\omega'$ of $(N,\mathcal{W})$ such that $\omega'\leq\omega$. If $\omega\leq\omega'$ for every integral representation $\omega'$ of $(N,\mathcal{W})$, then is the *minimum* integral representation of $(N,\mathcal{W})$. A representation is normalized if $\sum_{i\in N}\omega_i=1$.

In a strong simple game $(N,\mathcal{W})$, an imputation $x\in X_{IR}$ is a normalized representation of $(N,\mathcal{W})$ if and only if $q(x)\equiv\underset{S\in\mathcal{W}_m}{Min}\,x(S)>\frac{1}{2}$. Peleg (1968) has proved that any imputation in the least core of a strong weighted game $(N,\mathcal{W})$ is a normalized representation of $(N,\mathcal{W})$. Therefore, in particular the nucleolus $x^*\left((N,\mathcal{W})\right)$ of $(N,\mathcal{W})$ is a normalized representation of $(N,\mathcal{W})$. He also proved that if $(N,\mathcal{W})$ is a strong homogeneous weighted majority game, then the nucleolus is the unique normalized homogeneous representation of $(N,\mathcal{W})$ which assigns zero to each null player. The nucleolus has rational coordinates i.e. can be written as $x^*\left((N,\mathcal{W})\right)=\frac{\omega^*}{\omega^*(N)}$ where the $\omega_i^*$ for $i\in N$ are integers whose greatest common divisor is 1. Peleg proves that if $(N,\mathcal{W})$ is a strong weighted majority game then $\omega^*$ is a minimal integral representation if and only if $\omega^*\left(N\right)=2q\left(\omega^*\right)-1$. He also proved that if $(N,\mathcal{W})$ is a strong homogeneous weighted majority game then $\omega^*$ is a minimum integral representation of $(N,\mathcal{W})$. Sudhölter (1996) proved that if $(N,\mathcal{W})$ is a weighted majority game, then the modiclus is a normalized representation of $(N,\mathcal{W})$. Ostman (1987) and Rosenmuller (1987) showed that every homogeneous weighted (not necessarily strong) majority game has a minimal integral representation and that this representation is homogeneous. Sudhölter proved that, up to normalization, this minimal integral representation coincides with the modiclus.

These results point out the existence of relationships between the nucleolus and the set of minimal integral representations. It is important to draw attention to the fact that the

[41] Freixas, Molinero and Roura (2007) call such representations normalized. We think this choice of terminology is potentially confusing given the standard use of the word normalized in this area.

combinatorics of these relationships are however quite intricate. Peleg provides an example of a strong weighted simple game with $n = 12$ for which $\omega^*$ is *not* a minimal integral representation. Quite remarkably, Isbell (1969) provides an example of a strong weighted simple game with $n = 19$ and a minimum integral representation $\underline{\omega}$ such that: $\omega^* \neq \underline{\omega}$.

Krohn and Sudhölter (1995) proved that if $(N, \mathcal{W})$ is a strong weighted majority game and $n \leq 8$, then $LC(N, V) = N_u(N, V)$ which coincides with the unique normalized minimal integral representation of $(N, \mathcal{W})$. When $n = 9$, they obtain 319124 strong directed games out of which exactly 175428 are weighted majority games. In such a case they show that $LC(N, V)$ is a singleton with the exception of exactly 12 games. Precisely, all strong weighted majority games with $n = 9$ have a unique minimal normalized representation which coincides with the least core and thus with the nucleolus with the exception of 14 games which have exactly two minimal representations differing on one type of players. Moreover, in 12 of these games both representations are exactly the extreme points of the least core. In the remaining two cases, no normalized representation is contained in the least core though the set is a singleton (i.e. coincides with the nucleolus)[42]. Freixas and Molinero (2009) also prove that when $n = 9$ any strong weighted majority game admits a unique minimal normalized symmetric representation but when $n = 10$, there are strong weighted majority games without a unique minimal symmetric representation and with more than two minimal integral representations.

The enumeration of all simple games or important subclasses like for instance the subclasses of strong, complete, directed, weighted majority or subclasses obtained by intersection of these subclasses is important for the combinatorial optimization conducted in our paper[43]. This paper has been a topic of investigation since von Neumann and Morgenstern who enumerated all strong simple games when $n = 5$ and Gurk and Isbell (1959) who enumerated all strong simple games when $n = 6$. Isbell (1959) provides the list of the 135 strong weighted majority games when $n \leq 7$ together with their unique minimal integral representations; 38 of those games are homogeneous. Table 17 below reproduces the enumeration derived by Krohn and Sudhölter for games[44] with $n \leq 9$.

The enumeration of all simple games (including the two constant ones attached to $V(\varnothing) = 1$ and $V(N) = 0$) is known as Dedekind's problem. Table 18 below reproduces the enumeration for games with $n \leq 6$.

The enumeration of all strong simple games[45] (including the two constant ones corresponding to $V(\varnothing) = 1$ and $V(N) = 0$) has also attracted attention. Table 19 below, extracted from Loeb and Conway (2000), reproduces the enumeration for games with $n \leq 8$.

[42] This result was also proved by Freixas, Molinero and Roura (2007). They also prove that in the case where $n \leq 7$, all weighted majority games have a unique minimal integral representation. Finally, they prove that when $n = 8$, they are 154 weighted majority games with two minimal integral representations (of course, we know from above that none of them is strong). They show however than they all have a unique minimal symmetric integral representation. Freixas and Molinero (2010) contains examples of games where $n = 9$ without a unique minimal symmetric integral representation.

[43] We may also consider those satisfying some symmetry conditions as in Loeb and Conway (2000).

[44] In this enumeration, they dont assume that $\varnothing \notin \mathcal{W}$, $N \in \mathcal{W}$.

[45] Strong simple games are also often called maximal intersecting families of sets.

Table 17:

| n | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| # directed games | 3 | 5 | 10 | 27 | 119 | 1173 | 44315 | 161175190 | ? |
| # weighted majority games | 3 | 5 | 10 | 27 | 119 | 1113 | 29375 | 2730166 | ? |
| # strong directed games | 1 | 1 | 2 | 3 | 7 | 21 | 135 | 2470 | 319124 |
| # strong weighted majority games | 1 | 1 | 2 | 3 | 7 | 21 | 135 | 2470 | 175428 |
| # homogeneous games | 1 | 3 | 8 | 23 | 76 | 293 | 1307 | 6642 | 37882 |

Table 18:

| n | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| # simple games | 3 | 6 | 20 | 168 | 7581 | 7828354 |

Table 19:

| n | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| # strong simple games | 1 | 2 | 4 | 12 | 81 | 2646 | 1422564 | 229809982112 |

True, the enumerations in tables 18 and 19 count games which are isomorphic. If not, the numbers decrease in a significant way as illustrated in table 20 below for games with $n \leq 7$.

Table 20:

| n | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| # isomorphism classes of strong simple games | 1 | 1 | 2 | 3 | 7 | 30 | 716 |

As already pointed out, we may also want to enumerate simple games satisfying some symmetry properties described through the group of permutation automorphisms preserving the set of minimal winning coalitions. Along these lines, we may also limit the enumeration to games where some players are always treated similarly (the set of players is partitioned into a number of types where two players from the same type are perfect substitutes in the simple game). Freixas, Molinero and Roura (2009) and Kurz and Tautenhahn (2010) have derived formulas to enumerate all such simple games.

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